

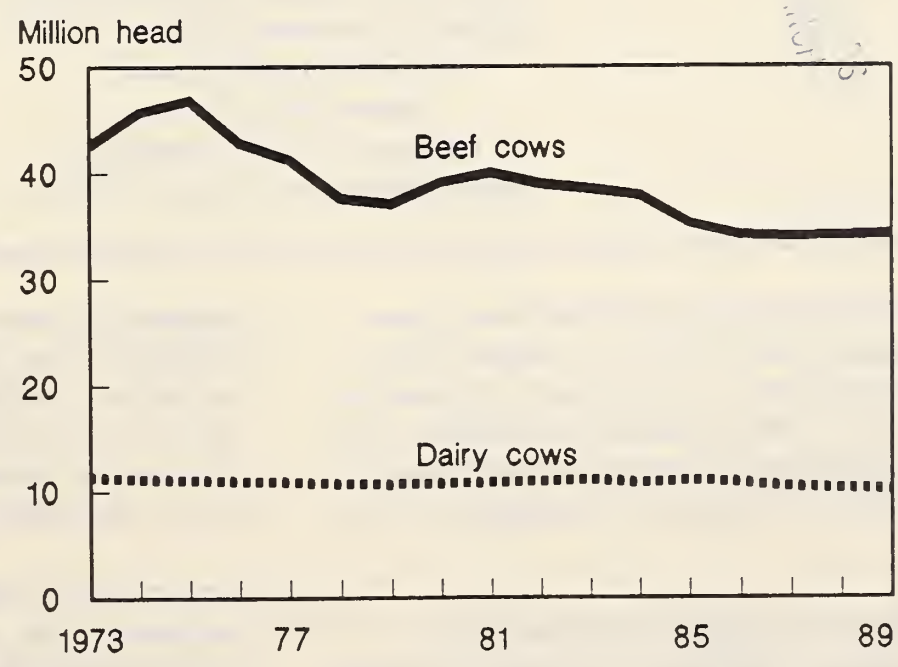
Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Livestock and Poultry

Situation and Outlook Report

U.S. July 1 Cow Inventory



Contents

	Page
Summary	3
Factors Affecting Livestock and Poultry	5
Livestock and Red Meats	6
Cattle	6
U.S. Cattle and Beef Trade	17
Sheep and Lambs	18
Hogs	19
U.S. Pork Trade	24
Poultry and Eggs	25
Broilers	25
Turkeys	27
Eggs	29
U.S. Poultry Trade	31
Special Article:	
Sheep Industry Trends	34
List of Tables	38

Coordinator

Leland Southard

(202) 786-1284

Principal Contributors

Ronald Gustafson (Factors Affecting Livestock and Poultry)

Steve Reed (Cattle) (303) 236-2881

Richard Stillman (Sheep and Lambs)

Linda Bailey (Beef Trade)

Kevin Bost (Hogs)

Shayle Shagam (Pork Trade)

Lee Christensen (Broilers & Eggs)

Larry Witucki (Turkey and Poultry Trade)

Statistical Assistants (202) 786-1284

Polly Cochran (Livestock)

Maxine Davis (Poultry)

Electronic Word Processing

Erma J. McCray and Herma S. Tickle

Approved by the World Agricultural Outlook Board. Summary released August 17, 1989. The next summary of the *Livestock and Poultry Situation and Outlook* is scheduled for release on November 14, 1989. Summaries of Situation and Outlook reports, including tables, may be accessed electronically through the USDA EDI system. For details, call (202) 447-5505.

The present forecasts will be updated, if needed, in the World Agricultural Supply and Demand Estimates scheduled for release on September 12, October 12, and November 9, 1989. The *Livestock and Poultry Situation and Outlook* is

published six times a year. Subscriptions are available from ERS/NASS, Box 1608, Rockville, MD 20849-1608. Or call, toll free, 1-800-999-6779 (8:30-5:00 ET). Rates: 1 year \$15, 2 years \$29, 3 years \$42. Foreign customers add 25 percent for subscriptions mailed outside the United States. Make check payable to ERS/NASS.

Time to renew? Your subscription expires in the month and year shown on the top line of your address label. If your subscription is about to expire, renew today. Call 1-800-999-6779.

Summary

Positive Returns Lead to Record Meat Production

Positive returns to most livestock and poultry producers in recent years have overridden the drought impact of higher grain prices and poor forage conditions in 1988/89. Total red meat and poultry production in 1990 is expected to rise 2-3 percent from this year's alltime high, continuing the record-setting pace that began in 1982. Sharpest year-to-year increases will occur in the broiler and turkey sectors, but fed beef production may also rise. Nonfed beef output probably will decline as herd expansion accelerates, and pork production may slip about 1 percent following increases since 1986.

Prospects remain positive for continued expansion of red meat and poultry production as more favorable weather than a year ago caused crop and forage conditions to improve in most areas. A rebound in this year's crop harvest is expected to result in lower feed costs as corn and soybean meal prices drop below a year earlier.

Continued expansion in meat exports will soften the price impacts of record production. However, rising per capita meat consumption in 1990, together with a slowing economy and a lower rate of increase in consumer real incomes, should result in only modest increases in red meat prices and

declining poultry prices. Retail prices for Choice beef and pork may rise 1-3 percent in 1990. Following sharp production increases, retail prices for broilers and turkeys may decline 8-10 and 3-5 percent, respectively.

Higher returns this year and prospects for lower feed costs in 1989/90 are expected to boost egg production 1-2 percent in 1990. Retail egg prices may decline 10-15 percent, following an estimated rise of 18-20 percent this year. In turn, per capita egg consumption could rise for the first time since 1979.

Cattlemen indicated on July 1 that herd expansion plans, though slowed due to drought, were continuing. Beef cow numbers were up marginally for the second consecutive year and producers were holding 4 percent more beef replacement heifers for possible expansion in 1990. Current inventory estimates indicate that as feed prices decline, feeder cattle supplies will be adequate to allow an accelerated pace of herd expansion and increased fed cattle marketings in 1990.

The carcass-to-retail conversion factor has been reestimated and further reduced for 1988. The factor has declined from 0.74 in 1985 to 0.705 in 1988, reflecting the reduction in bone and fat in beef purchased at retail.

Table 1--Livestock, poultry, and egg production and prices (All percent changes shown are from a year earlier.)

Item	1987	1988			1989						1990 1/
	Annual	III	IV	Annual	I	II	III 1/	IV 1/	Annual	I	Annual
Million pounds											
Production:											
Beef	23,405	6,185	5,755	23,424	5,529	5,777	5,900	5,500	22,706	5,450	22,825
% change	-3	2	-2	0	-3	0	-5	-4	-3	-1	1
Pork	14,312	3,775	4,331	15,623	3,887	3,928	3,800	4,300	15,915	3,975	15,700
% change	2	12	7	9	3	5	1	-1	2	2	-1
Lamb & mutton	309	80	84	329	87	81	80	83	331	85	330
% change	-7	4	4	6	2	1	0	-1	1	-2	0
Veal	416	99	99	387	91	85	90	95	361	90	360
% change	-18	0	-5	-7	-6	-8	-9	-3	-7	-1	0
Total red meat	38,442	10,139	10,269	39,763	9,594	9,871	9,870	9,978	39,313	9,600	39,215
% change	-2	5	2	3	-1	2	-3	-3	-1	0	0
Broilers 2/	15,502	4,035	4,015	16,124	4,129	4,381	4,370	4,300	17,180	4,470	18,485
% change	9	2	3	4	3	7	8	7	7	8	8
Turkeys 2/	3,717	1,066	1,040	3,923	804	1,011	1,140	1,150	4,105	900	4,400
% change	19	-3	-4	6	-4	3	7	11	5	12	7
Total poultry 3/	19,772	5,213	5,180	20,587	5,070	5,527	5,635	5,580	21,812	5,510	23,425
% change	10	0	1	4	2	6	8	8	6	9	7
Total red meat and poultry	58,214	15,352	15,449	60,350	14,664	15,398	15,505	15,558	61,125	15,110	62,640
% change	2	4	2	4	0	3	1	1	1	3	2
Million dozen											
Eggs	5,802	1,421	1,446	5,771	1,391	1,394	1,405	1,460	5,650	1,415	5,770
% change	2	-1	-2	-1	-6	-2	-1	1	-2	2	2
Prices											
Dollars per cwt											
Choice steers, Omaha 1000-1100 lb.	64.60	66.92	70.14	69.54	73.67	73.85	70-72	72-76	72-74	73-79	71-77
Barrows and gilts, 7-markets	51.69	44.24	38.66	43.39	40.78	41.84	44-46	37-41	41-43	37-43	40-46
Slaughter lambs, Ch., San Angelo	78.09	59.02	62.98	68.26	69.29	74.79	62-64	59-63	66-68	65-71	64-70
Cents per pound											
Broilers, 12-city avg. 4/	47.4	66.1	57.9	56.3	59.4	67.1	60-62	54-58	60-62	50-56	49-55
Turkeys, Eastern region 5/	57.8	72.4	72.4	61.5	62.4	71.1	65-67	66-70	66-68	57-63	58-64
Cents per dozen											
Eggs New York 6/	61.6	72.9	67.3	62.1	78.6	75.2	80-82	68-72	75-77	65-71	62-68

1/ Projected. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers.

Factors Affecting Livestock and Poultry

Continued recovery from the 1988-early 1989 drought along with concerns over an economic slowdown overshadow the meat complex outlook for 1990. Positive returns in recent years are encouraging an expansion in meat production. While record production in 1990, along with an economic slowdown, may pressure livestock and poultry prices, lower feed costs and reduced inflation rates will result in reduced costs of production.

Economic Expansion Shifts

Statistics for 1989 indicate a slower economic growth, which is likely to continue through 1990. Projected real GNP growth for 1989 and 1990 ranges between 2.0 and 3 percent, markedly slower than the 4.4-percent climb in 1988.

Exports are the main impetus behind continued growth, as consumer spending weakened considerably in the first two quarters of 1989. The sluggish pace should further relieve some of the inflationary concerns that have held up interest rates; the rate of increase in the GNP deflator should fall noticeably in 1990 from the 4 to 4.5 percent expected in 1989. The prime interest rate declined sharply in midsummer from 11.5 to 10.5 percent. Further reductions appear likely in the next 12 months, but only if inflation remains in check. Real per capita disposable income is likely to trend down from 1988's growth rate of 3.4 percent. The rate may fall between 2.5 and 3 percent in 1989 and 1.5 and 2 percent in 1990.

The combination of slow growth in disposable incomes and a sharp increase in per capita red meat and poultry supplies may result in greater price sensitivity and increased competition among meats for the consumer dollar in 1990. Continued growth in export markets will somewhat soften the impact of expanding meat production. However, sharp increases in poultry production should result in lower prices and more price pressure on the already relatively more expensive red meats.

Feed Grain Prospects Improve

Lower acreage reduction requirements for 1989/90 program crops have resulted in increased planted acreage. In addition, weather conditions in most feed grain producing areas have improved dramatically since last year. Consequently, feed production prospects for this year are much improved from last year's drought-reduced harvest. Acreage reduction requirements for 1990 feed grain crops other than oats could be limited to no more than 12.5 percent if estimated 1989/90 carryover stocks of corn are projected in September to be below 2 billion bushels. The August estimate placed 1989/90 carryover stocks of corn at almost 1.7 billion bushels.

Feed grain acreage expected to be harvested for grain this fall was estimated at 91.5 million acres in the August *Crop Production* report. Production was forecast at 217.6 million metric tons, up 46 percent from last year's drought-reduced crop, and 1 percent above the 1987/88 harvest. Feed use is

Table 2--Expenditures per person for red meat and poultry 1/

Year	Beef		Pork		Red meat		Broilers		Turkeys		Poultry		Total 2/	
	\$	% of income	\$	% of income	\$	% of income	\$	% of income	\$	% of income	\$	% of income	\$	% of income
1980	181.65	2.16	94.92	1.13	276.57	3.28	33.32	0.40	9.93	0.12	43.25	0.51	319.82	3.80
1981	184.10	1.99	98.92	1.07	283.02	3.06	35.32	.38	10.38	.11	45.69	.49	328.71	3.56
1982	186.32	1.92	102.44	1.05	288.76	2.97	35.41	.36	10.01	.10	45.42	.47	334.18	3.44
1983	186.30	1.80	104.81	1.01	291.11	2.82	36.49	.35	10.33	.10	46.82	.45	337.93	3.27
1984	186.99	1.66	99.73	.89	286.72	2.55	42.63	.38	11.31	.10	53.95	.48	340.66	3.03
1985	183.16	1.54	99.54	.84	282.69	2.38	42.08	.35	12.66	.11	54.74	.46	337.45	2.84
1986														
I	44.10	1.43	24.85	.81	68.96	2.24	10.42	.34	2.54	.08	12.96	.42	81.92	2.66
II	45.48	1.46	24.19	.77	69.67	2.23	11.26	.36	2.56	.08	13.82	.44	83.49	2.67
III	47.26	1.51	26.26	.84	73.52	2.35	13.15	.42	3.43	.11	16.58	.53	90.10	2.87
IV	43.93	1.39	29.22	.92	73.15	2.32	12.21	.39	5.68	.18	17.89	.57	91.04	2.88
Year	180.77	1.45	104.53	.84	285.30	2.28	47.04	.38	14.21	.11	61.25	.49	346.55	2.77
1987														
I	42.60	1.31	27.10	.84	69.70	2.15	12.07	.37	2.70	.08	14.77	.46	84.47	2.61
II	44.79	1.39	25.81	.80	70.61	2.19	11.89	.37	3.07	.10	14.97	.46	85.57	2.65
III	46.99	1.42	27.56	.83	74.55	2.25	11.85	.36	3.72	.11	15.57	.47	90.11	2.72
IV	43.74	1.29	31.05	.91	74.80	2.20	11.49	.34	5.60	.16	17.09	.50	91.89	2.71
Year	178.13	1.35	111.53	.85	289.65	2.20	47.30	.36	15.09	.11	62.39	.47	352.05	2.67
1988														
I	44.26	1.28	28.14	.82	72.40	2.10	11.56	.34	2.95	.09	14.52	.42	86.92	2.52
II	46.56	1.33	27.90	.80	74.46	2.13	12.77	.36	3.30	.09	16.07	.46	90.53	2.59
III	44.17	1.35	29.02	.81	77.19	2.16	14.85	.42	3.85	.11	18.70	.52	95.89	2.69
IV	44.29	1.22	30.43	.84	74.72	2.06	13.73	.38	5.51	.15	19.23	.53	93.95	2.59
Year	183.28	1.30	115.49	.82	298.77	2.11	52.90	.37	15.61	.11	68.51	.48	367.28	2.60
1989														
I	44.95	1.21	27.54	.74	72.49	1.95	14.22	.38	3.11	.08	17.34	.47	89.83	2.41
II	47.08	1.25	27.92	.74	75.00	1.99	15.90	.42	3.30	.09	19.20	.51	94.20	2.50

1/ Red meat includes beef and pork only; poultry includes broilers and turkeys only. 2/ Total includes beef, pork, broilers, and turkeys only. Totals may not add due to rounding.

Livestock and Red Meats

expected to rise in 1989/90, reflecting stable red meat production and poultry expansion. The farm price of corn may average \$1.85 to \$2.30, up from about \$2.55 in 1988/89. A poor winter wheat crop may have caused some wheat acreage to be replanted to grain sorghum. Although yields are forecast slightly below last year, the 1989/90 crop is estimated 15 percent above 1988/89. Grain sorghum prices may average \$1.65 to \$2.05 per bushel, well below the \$2.30 in 1988/89.

Improved weather since last year, and expanded plantings are expected to result in a soybean harvest of 1.9 billion bushels, up 24 percent from a year ago, and slightly below the 1987/88 harvest. Soybean meal prices may average \$145 to \$175 a ton in 1989/90, well below this year's \$230 or 1987/88's \$222. Lower meal prices will cut costs, providing further support for expansion in poultry and pork production.

Pasture and Forage Supplies Rebound

Pasture and range feed conditions on August 1 were rated 73 percent, a sharp improvement from last year's 51 percent and near the 1978-87 average of 77 percent. The rate of decline in conditions during July was less than normal this year. Conditions in four States—Nebraska, New Mexico, North Dakota, and Utah—were in the severe drought range, while none was in the extreme drought range. Conditions continued to improve in the Plains States, with prospects looking more favorable for wintering programs on accumulated growth.

Hay production is expected to rebound this year, with the alfalfa harvest up 12 percent, other hay up 17 percent, and an estimated 1989 harvest of 145 million tons, up 14 percent from 1988. However, this year's harvest plus reduced May 1 hay stocks are up only 6 percent from a year ago, indicating the need for conservative hay use in many areas. The farm price of hay fell nearly \$20 a ton from May to July, versus a \$1-increase for the same period in 1988. However, the price of all hay averaged \$85.40 in July, still above the \$82.30 average a year ago. Alfalfa prices were \$3 above a year ago, while prices for other hay were down \$1.

Table 3--Hay acreage, production, and stocks

Item	1987	1988	1989	1989 1988
	-----1,000 acres-----			Percent
Acreage	60,748	65,559	62,918	96
	1,000 tons			
Production	149,302	126,817	145,172	114
Stocks on farms				
May 1	32,418	27,353	17,627	64
December 1	119,845	90,887		
Production + May 1 stocks	181,720	154,170	162,799	106

Red meat production in 1990 is expected to decline slightly but remain near 1988-89 levels. Lower feed costs will reduce production costs next year, but only modest price increases for cattle and hogs will result in weak expansion signals.

Cattle

Cattle on feed in the 13 quarterly reporting States totaled 8.5 million head on July 1, down 6 percent from a year earlier and nearly 12 percent below the previous quarter. Near record marketings of fed cattle and a 12-percent decline in second-quarter placements contributed to the lower feedlot inventories. Feedlot losses that likely averaged near \$35 per head for the quarter and higher feeder cattle prices reduced the incentive to place cattle on feed.

In spite of the relatively high marketing rate, second-quarter fed cattle marketings fell 100,000 head below reported intentions. This situation contributed to the record number of heavy cattle on feed July 1. Steers and heifers weighing over 900 pounds accounted for 55 percent of the July 1 on feed inventory, compared with the previous 5-year average of 47 percent. A large proportion of these animals should have headed for slaughter during July. Federally inspected slaughter of steers and heifers during July was down 8 percent and 2 percent, respectively.

Fed cattle marketings in July in the 7 monthly reporting States were down 4 percent from a year earlier. Net placements increased 5 percent, but were 22 percent below the marketing figure. Cattle on feed on August 1 were down 4 percent, the second consecutive month of year-to-year declines.

With more fed cattle shifted to an August-September marketing date, slaughter rates will continue to rise above the July average and prices could remain in the low to mid-\$70's for much of the quarter. Inventories of heavy cattle should begin to subside by the end of August, however, and at that point, fed slaughter cattle supplies should begin to tighten. There still appears to be a potential gap in September-October marketings that will help support higher prices going into the fall quarter. The inventory of light to medium weight cattle on feed July 1 was the lowest in two decades and down 12 percent from a year earlier.

Producers surveyed in the 13 quarterly reporting States indicated intentions to market 6.04 million head during the third quarter, 2 percent below the 1988 record, but the second largest since 1972. Given the large number of heavy cattle on feed at the beginning of the quarter, actual marketings should come close to intentions to keep marketings current.

Table 4--13-States cattle on feed, placements, marketings, and other disappearance

Year	On feed 1/	Percent change 2/	Place- ments	Percent change 2/	Fed mar- ketings	Percent change 2/	Other dis- appearance	Percent change 2/
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1985								
I	10,653	7.3	5,315	-3.4	5,907	3.4	373	2.2
II	9,688	3.7	5,206	-6.5	5,787	3.0	437	-24.9
III	8,670	-3.3	5,480	-12.3	5,969	5.0	244	-9.0
IV	7,937	-11.8	7,365	-3.0	5,224	-5.1	324	-22.3
Year	---	---	23,366	-6.1	22,887	1.6	1,378	-15.6
1986								
I	9,754	-8.4	5,270	-.8	5,763	-2.4	316	-15.3
II	8,945	-7.7	5,221	+.3	5,821	+.6	375	-14.2
III	7,970	-8.1	6,336	15.6	5,876	-1.6	233	-4.5
IV	8,197	3.3	6,756	-8.3	5,396	3.3	312	-3.7
Year	---	---	23,583	.9	22,856	-.1	1,236	-10.3
1987								
I	9,245	-5.1	5,680	7.8	5,747	-.3	371	17.4
II	8,807	-1.5	5,906	13.1	5,619	-3.5	428	14.1
III	8,666	+8.7	6,590	4.0	6,022	2.5	242	3.9
IV	8,992	9.7	6,718	-.6	5,603	3.8	338	8.3
Year	---	---	24,894	5.6	22,991	.6	1,379	11.6
1988								
I	9,769	5.7	5,824	2.5	5,823	1.3	385	3.8
II	9,385	6.6	5,893	-.2	5,859	4.3	418	-2.3
III	9,001	3.9	5,986	-9.2	6,171	2.5	225	-7.0
IV	8,591	-4.5	6,650	-1.0	5,486	-2.1	347	2.7
Year	---	---	24,353	-2.2	23,339	1.5	1,375	-.3
1989								
I	9,408	-3.7	6,212	+6.7	5,598	-3.9	344	-10.6
II	9,678	+3.1	5,177	-12.2	5,985	+2.2	415	-.7
III	8,455	-6.1			6,038 3/	-2.2		

1/ Beginning of quarter. 2/ Percent change from previous year. 3/ Expected marketings.

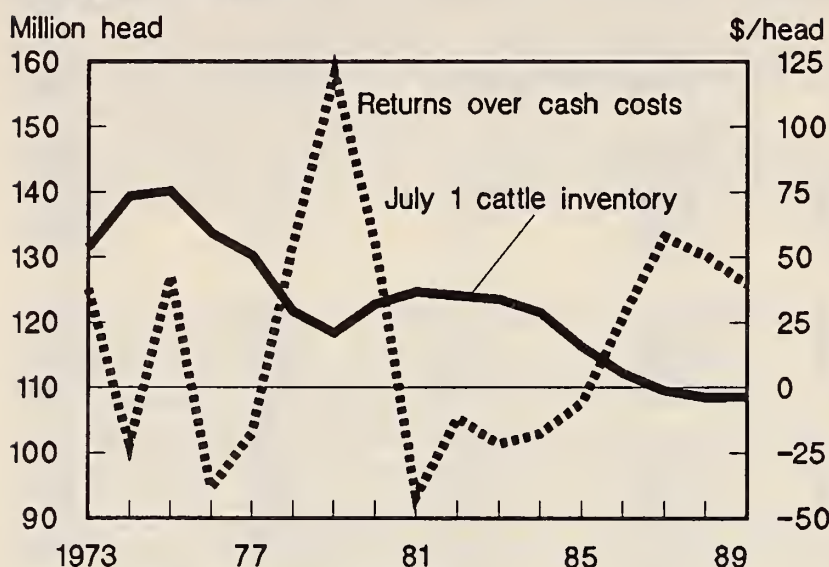
Table 5--7-States cattle on feed, placements, and marketings

Year	On feed	Percent change 1/	Net placements	Percent change 1/	Marketings	Percent change 1/	Other dis- appearance	Percent change 1/
	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent	1,000 head	Percent
1987								
Jan.	7,643	-3.5	1,464	-2.0	1,803	+3.0	127	+46.0
Feb.	7,304	-4.7	1,337	+18.5	1,478	+.5	105	+14.1
Mar.	7,163	-2.2	1,630	+4.2	1,561	-2.0	89	+3.5
Apr.	7,232	-.8	1,542	+6.7	1,541	-5.5	139	15.8
May	7,233	+1.8	1,841	+13.4	1,514	-7.4	143	+8.3
June	7,560	+6.5	1,335	+21.9	1,702	+3.3	87	+29.9
July	7,193	+9.9	1,203	-18.7	1,703	+.7	71	+10.9
Aug.	6,693	+5.7	1,847	+6.6	1,722	+3.8	68	-2.9
Sept.	6,818	+6.5	2,358	+15.4	1,641	-.2	71	+20.3
Oct.	7,535	+10.6	2,529	+8.9	1,700	+7.1	85	+4.9
Nov.	8,364	+10.8	1,526	-11.6	1,478	+2.1	103	+18.4
Dec.	8,412	+7.5	1,221	-8.3	1,567	+3.5	119	+14.4
1988								
Jan.	8,066	+5.5	1,557	+6.4	1,754	-2.7	106	-16.5
Feb.	7,869	+7.7	1,253	-6.3	1,535	+3.9	126	+20.0
Mar.	7,587	+5.9	1,742	+6.9	1,583	+1.4	106	+19.1
Apr.	7,746	+7.1	1,382	-10.4	1,609	+4.4	139	0
May	7,519	+4.0	2,024	+9.9	1,724	+13.9	141	-1.4
June	7,819	+3.4	1,309	-1.9	1,697	-.3	68	-21.8
July	7,431	+3.3	1,184	-1.6	1,760	+3.3	62	-12.7
Aug.	6,855	+2.4	1,594	-13.7	1,760	+2.2	66	-2.9
Sept.	6,689	-1.9	2,102	-10.9	1,647	+.4	67	-5.6
Oct.	7,144	-5.2	2,391	-5.5	1,601	-5.8	84	-1.2
Nov.	7,934	-5.1	1,573	+3.1	1,507	+2.0	107	+3.9
Dec.	8,000	-4.9	1,286	+5.3	1,521	-2.9	115	-3.4
1989								
Jan.	7,765	-3.7	1,607	+3.2	1,672	-4.7	104	-1.9
Feb.	7,700	-2.1	1,470	+17.3	1,509	-1.7	115	-8.7
Mar.	7,661	+1.0	1,900	+9.1	1,549	-2.1	75	-29.2
Apr.	8,012	+3.4	1,405	+1.7	1,570	-2.4	129	-7.2
May	7,847	+4.4	1,455	-28.1	1,747	+1.3	164	+16.3
June	7,555	-3.4	1,206	-7.9	1,751	+3.2	62	-8.8
July	7,010	-5.7	1,248	+5.4	1,690	-4.0	63	+1.6
Aug.	6,568	-4.2						

1/ Percent change is from previous year.

Figure 1

Cattle Producers' Positive Returns Override Drought Impact



Returns estimated for 1988, projected for 1989.

However, marketings above 6 million head would be considered an aggressive pace that on a weekly average basis would have to account for nearly 80 percent of all cattle slaughtered, assuming nonfed slaughter remains well below a year earlier.

Feedlot placements normally begin expanding seasonally during July and continue trending higher through October. However, if current negative returns on finished cattle continue and stocker cattle prices move to higher premiums this fall, feedlot placements could remain 2 to 3 percent below a year earlier. This would drop the 13 State feedlot inventory on October 1, 4-5 percent below a year ago and set the stage for reduced fed cattle supplies into the first quarter of 1990. Current expectations are for first-quarter 1990 marketings to fall near this year's reduced levels, potentially fueling another price rally for slaughter cattle into the upper \$70's to low \$80's for a short period during the winter quarter.

Declining fed cattle supplies by late summer and fall could be matched by year-over-year reductions in cow and nonfed steer and heifer slaughter as well. Cow slaughter has dropped off sharply since May, falling 10 percent below a year earlier during July. Second-half cow slaughter is expected to increase seasonally but may only reach 3.0 to 3.2 million head, the lowest since 1973 and 4 percent below last year's reduced levels. Nonfed steer and heifer slaughter is expected to remain low this summer following sharply lower slaughter during the second quarter. For the year, nonfed slaughter is expected to be below 900,000 head, half a million below 1988.

Third-quarter commercial cattle slaughter could drop 4-5 percent below a year earlier. Smaller fed cattle marketings and lower beef cow slaughter are expected to keep commercial cattle slaughter near 8.8 million head, versus 9.2 million a year ago. Additional declines in fed cattle slaughter are anticipated for the fourth quarter. Steer and heifer slaughter

could drop 10 percent below the summer quarter and 5 percent below a year earlier. This will more than offset seasonally higher cow slaughter, possibly reducing fourth-quarter commercial slaughter to 8.2-8.3 million head, the lowest since the early 1960's.

Any similarity between current slaughter levels and those of the early 1960's must be adjusted to account for the amount of beef produced, however. Average dressed carcass weights are 100 pounds heavier today and will translate into an additional billion pounds of beef. Federally inspected carcass weights are once again near record highs and are expected to remain so into the fall. Some of the increase is seasonal and related to a higher proportion of fed cattle in the slaughter mix, but it also may be a sign that feedlots have fallen behind on marketings. If heavy weight finished cattle become a problem later this summer, price discounts could follow, holding prices below current expectations.

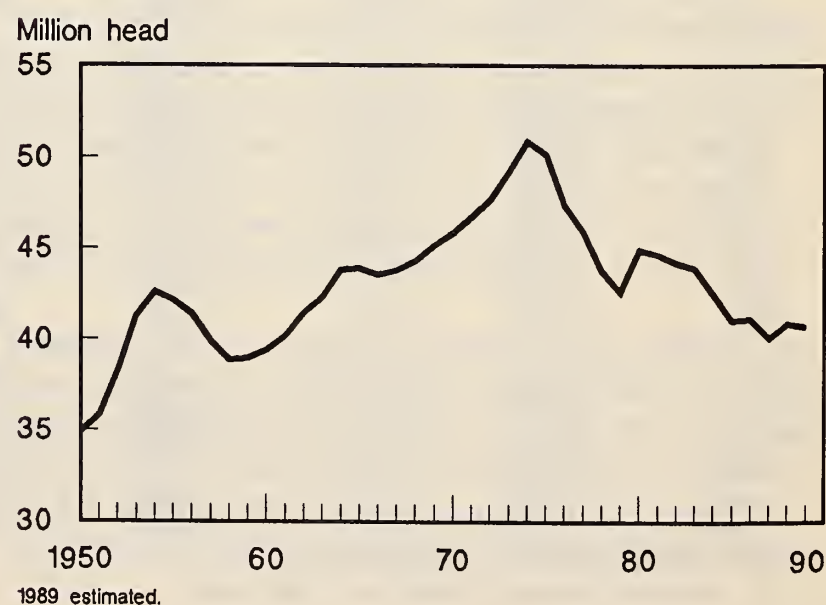
For the year, commercial cattle slaughter is expected to total about 33.9 million head, 3 percent below a year earlier. If recent declines in beef cow slaughter continue, annual cow slaughter is expected to fall near 6.2 million head, 2-3 percent below a year earlier. Declining fed cattle marketings will account for the largest share of the overall drop in slaughter, however. Feedlot marketings may decline over half a million head from a year ago to 26 million head. Total steer and heifer slaughter could drop 4-5 percent below 1988, with beef production down by a slightly smaller proportion.

Midyear Cattle Inventories Remain Unchanged

Cow/calf returns have remained above cash costs since 1986 and appear to have partially overridden the impact of drought in 1988 and early 1989. Expectations for continued profits both this year and next have for the most part kept

Figure 2

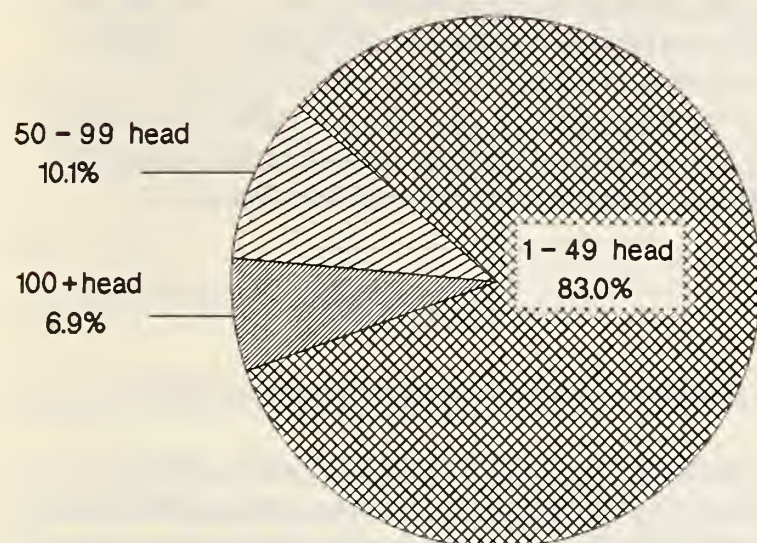
U.S. Annual Calf Crop



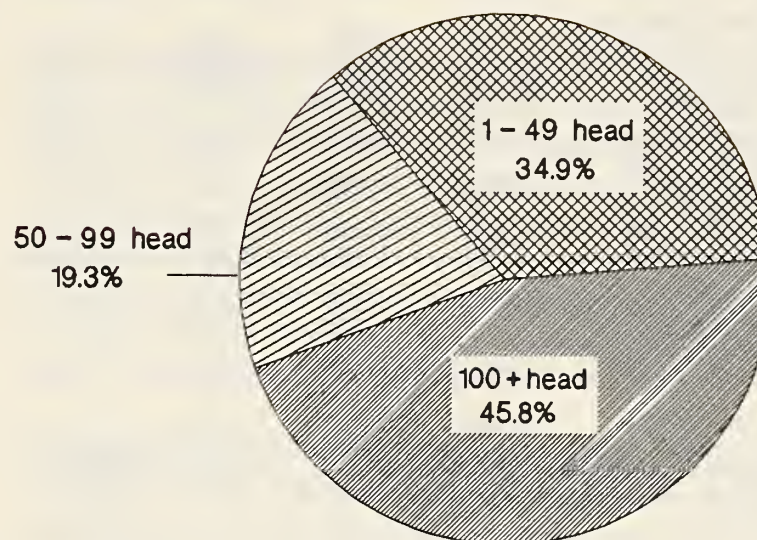
1989 estimated.

Figure 3

U.S. Beef Cow Operations and Inventory by Size Group, 1988



Operations



Inventory

Table 6 --Cattle on feed, placements, and marketings, 13 States

Item	1987	1988	1989	1989/88
	1,000 head			Percent change
On feed April 1	8,807	9,385	9,678	+3
Placements, Apr.-June	5,906	5,893	5,177	-12
Marketings, Apr.-June	5,619	5,859	5,985	+2
Other disappearance, Apr.-June	428	418	415	-1
On feed July 1	8,666	9,001	8,455	-6
Steers & steer calves				
-500 lb	171	190	133	-30
500-699 lb	487	541	379	-30
700-899 lb	1,836	1,665	1,465	-12
900-1,099 lb	2,502	2,533	2,443	-4
1,100 + lb	604	843	893	+6
Heifers & heifer calves				
-500 lb	52	59	47	-20
500-699 lb	501	470	394	-16
700-899 lb	1,543	1,542	1,368	-11
900 + lb	935	1,115	1,288	+16
900-1,099	NA	NA	1,177	NA
1,100 + lb	NA	NA	111	NA
Cows	35	43	45	+5
Marketings, July-Sept.	6,022	6,171	6,038 1/	-2

1/ Intentions.

culling rates down in spite of higher feed costs, leaving producers in a position to begin expanding inventories over the next several years.

The midyear inventory of all cattle and calves was up slightly from a year ago to 108.6 million head. Most of the increase came from higher retention of beef and dairy replacement heifers for possible placement in cow herds. Beef cow inventories rose only marginally from 1988 in spite of a 5-percent increase in beef replacement heifers at the beginning of the year. Most of these heifers likely came from last year's calf crop, however, and probably will not calve until 1990. A decline in dairy cow inventories offset the modest rise in beef cows, leaving total cow inventories unchanged at 44.3 million head.

The number of steers 500 pounds and over also was unchanged from a year earlier at 14.5 million head. Calves under 500 pounds on July 1 fell 100,000 head from a year earlier following a decline in calving rates during the first half of the year. The 1989 calf crop is estimated at 40.7 million head, with 72 percent coming from calves born during the first two quarters. Calves under 500 pounds on July 1 were estimated at 30.9 million head.

In 1988, operations with 100 or more beef cows comprised 7 percent of operations, but accounted for 46 percent of the

Table 7--July 1 cattle inventory

Class	1987	1988	1989	1989/88
	1,000 head			Percent change
Cattle and calves	109,500	108,500	108,600	+0.1
Cows and heifers that have calved	44,400	44,300	44,300	0
Beef cows	34,000	34,050	34,200	+0.4
Milk cows	10,400	10,250	10,100	-1.5
Heifers 500 lb+	17,000	16,500	16,700	+1.2
For beef cow replacement	4,800	4,800	5,000	+4.2
For milk cow replacement	4,600	4,400	4,500	+2.3
Other heifers	7,600	7,300	7,200	-1.4
Steers 500 lb+	14,800	14,500	14,500	0
Bulls 500 lb+	2,200	2,200	2,200	0
Heifers, steers, and bulls -500 lb	31,100	31,000	30,900	-.3
Calf crop 1/	40,086	40,870	40,700	-.4

1/ Number of calves born before July 1 plus the number expected to be born on and after July 1.

beef cow inventory. Operations with fewer than 50 cows represented 83 percent of the operations, but only 35 percent of the cows. While the average size of operation will likely continue to rise, small beef cow herds will remain an important part of the beef industry. On many farms and ranches, cattle are the only enterprise available to use land that cannot be cropped, as well as crop residues.

Larger inventories of beef cow replacement heifers since 1986 have not resulted in a significant increase in beef cow numbers. Heifer retention rates during the first half of the year dropped sharply from 1988 to 1989. The drought last year and this past spring likely affected retention rates, which fell from 55 percent in 1988 to 44 percent this year. Last year, a 1-percent increase in replacement heifers on January 1 resulted in a 23-percent increase in heifers entering

cow herds compared with 1987. This contrasts with the first half of 1989, when a 5-percent increase in beef replacement heifers on January 1 was followed by a 15-percent decline in the number of beef heifers entering cow herds.

The number of heifers entering cow herds during the second half of the year may increase modestly from a year earlier, but this is not expected to have much impact on the size of the cow herd next January. Nearly two-thirds of the cows calve in the first half of the year and any significant change in herd size would have to occur through higher retention rates during January-June rather than July-December.

Heavy Feeder Cattle Supplies Increase Modestly

Lower placements on feed during the second quarter and nearly unchanged inventories of stocker cattle pushed yearling feeder cattle supplies outside of feedlots up nearly 4 percent from a year ago on July 1. This number is low relative to previous years, but suggests that feeder cattle supplies this summer and fall will support placements near those of a year ago, and likely will begin to increase modestly into the 1990's. The supply of calves outside feedlots on July 1 was nearly unchanged from last year due to the sharp drop in placements on feed during the spring quarter. In addition, veal calf slaughter declined 12 percent from first-half 1988.

A decline in the number of heifers available for feedlot placement, as occurred in 1978-80, may begin during the last half of 1989 and into 1990, as producers enter a period of improved forage supplies and lower grain prices. The lower cost of maintaining heifers for herd replacements likely will result in increased heifer retention in 1989/90, which could again result in tighter yearling supplies.

Table 8--Heifers entering cow herd January-June and July-December

Year	Jan. 1 cow inventory	Intended herd replacements Jan. 1	Total 1/ disappearance Jan.-June	July 1 cow inventory	Heifers		Intended herd replacements July 1	Total 2/ disappearance July-Dec.	Jan. 1 cow inventory following year	Heifers	
					Enter- ing herd Jan.-June	Percent enter- ing				Enter- ing herd July-Dec.	Percent enter- ing
					1,000 head					1,000 head	
						Percent					Percent
1973	52,553	11,306	3,550	54,037	5,034	44.5	11,144	3,496	54,478	3,937	35.3
1974	54,478	12,134	3,625	56,960	6,107	50.3	11,780	4,702	56,931	4,673	39.7
1975	56,931	12,971	5,212	58,053	6,336	48.8	11,306	7,197	54,971	4,118	36.4
1976	54,971	11,148	5,628	53,938	4,595	41.2	10,475	5,811	52,441	4,314	41.2
1977	52,441	10,414	5,221	52,190	4,970	47.7	9,846	5,429	49,635	2,874	29.2
1978	49,635	9,744	4,961	48,413	3,739	38.4	9,340	4,253	47,852	3,692	39.5
1979	47,852	9,459	3,413	47,815	3,376	35.7	9,885	3,235	47,866	3,286	33.2
1980	47,866	10,101	3,304	49,941	5,379	53.3	10,214	3,748	49,622	3,429	33.6
1981	49,622	10,481	3,599	51,004	4,981	47.5	10,856	3,788	50,216	3,000	27.6
1982	50,216	11,147	3,925	49,990	3,699	33.2	10,900	4,182	48,986	3,178	29.2
1983	48,986	10,881	3,885	49,600	4,499	41.3	10,680	4,447	48,603	3,450	32.3
1984	48,603	10,715	4,564	48,700	4,661	43.5	10,450	4,782	46,174	2,293	21.9
1985	46,174	10,302	3,971	46,300	4,097	39.8	9,900	4,113	44,810	2,625	26.5
1986	44,810	9,910	4,339	45,000	4,529	45.7	9,500	4,294	44,282	3,576	37.6
1987	44,282	9,495	3,698	44,400	3,816	40.2	9,400	3,576	43,411	2,587	27.5
1988	43,411	9,343	3,467	44,300	4,356	46.6	9,200	3,521	43,887	3,108	33.8
1989	43,887	9,704	3,530	44,300	3,943	40.6	9,500				

1/ Death loss calculated as 1 percent of January 1 cow inventory plus estimated commercial cow slaughter. 2/ Death loss calculated as 1/2 percent of January 1 cow inventory plus estimated commercial cow slaughter.

Table 9--July 1 feeder cattle supply

Item	1987	1988	1989	1989/88
	1,000 head			Percent change
Calves less than 500 lb				
On farms	31,100	31,000	30,900	-0.3
On feed 1/	264	294	214	-27.2
Total	30,836	30,706	30,686	-.1
Steers & heifers 500 + lb 2/				
On farms	22,400	21,800	21,700	-.5
On feed 1/	9,971	10,277	9,763	-5.0
Total	12,429	11,523	11,937	+3.6
Total supply	43,265	42,229	42,623	+ .9

1/ Estimated U.S. steers and heifers. 2/ Not including heifers for cow replacement.

Cattle Prices To Trend Higher

Expected declines in available slaughter supplies over the next several quarters should support rising fed cattle prices beginning in late summer 1989. Heavy stockers being contracted for fall delivery off grass currently range from the mid- to upper-\$80's. Lower grain prices this fall and winter may support even higher price bids. However, if feeder cattle prices move higher, breakeven prices for finished cattle could be pushed near \$80 per cwt during the winter quarter. Prices for fall-weaned calves are expected to average near a year earlier in the low to mid-\$90's. Recent rains across the southern tier States have improved fall and winter grazing prospects and good interest is expected from stocker operators and backgrounders.

Slaughter cattle prices are expected to trend higher into the fourth quarter as fed cattle supplies begin to subside. Prices this winter and next spring will be tied to feedlot placement

Table 10--U.S. federally inspected cow slaughter by region, January-June

Standard Federal regions 1/ 2/	Beef			Dairy		
	1989			1989		
	1988	1989	1988	1988	1989	1988
	1,000 head		Pct.	1,000 head		Pct.
1 & 2	4.6	2.3	50.0	109.8	75.1	68.4
3	44.1	57.7	130.8	171.5	199.4	116.3
4	277.1	180.8	65.2	102.0	150.4	147.5
5	148.5	130.9	88.1	531.3	524.2	98.7
6	393.4	358.8	91.2	62.6	72.2	115.3
7	422.2	509.4	120.7	107.6	118.4	110.0
8	101.4	140.0	138.1	50.6	67.2	132.8
9	85.2	71.0	83.3	171.4	187.4	109.3
10	97.8	96.7	98.9	66.6	67.1	100.8
U.S. 3/	1,574.3	1,547.6	98.3	1,373.4	1,461.4	106.4

1/ States included in regions are: 1-ME, NH, VT, MA, CT & RI; 2-NY & NJ; 3-PA, WV, VA & DE-MD; 4-KY, TN, NC, SC, GA, AL, MS & FL; 5-MI, OH, IN, IL, WI & MN; 6-TX, OK, NM, AR & LA; 7-IA, NB, KS & MO; 8-MT, WY, CO, UT, ND & SD; 9-CA, NV, AZ & HA; 10-ID, OR, WA. 2/ Region 1 and 2 combined to avoid disclosing individual operations. 3/ Totals may not add due to rounding.

rates this fall, the size of this year's feed grain crop, and the overall health of the general economy. Next year's beef supplies are expected to remain near this year's annual forecast of 22.7 billion pounds, which will generally be supportive for prices. Slightly larger supplies of fed beef are expected to be nearly offset by lower cow and nonfed steer and heifer slaughter.

Stable beef supplies next year will have to compete with larger total meat supplies, however. Per capita total meat supplies could rise several pounds from this year's estimated 219 pounds. Thus, stable and possibly stronger cattle prices in 1990 will require continued support from consumers, who already are paying near record prices for retail beef cuts, and continued real growth in the general economy. Retail prices for Choice beef in 1990 may rise only about 1 percent, as lower poultry prices will likely hold down price gains.

Further reductions in fat and bone in beef sold at retail have resulted in another drop in the carcass-to-retail conversion factor. Between 1985 and 1988, per capita meat purchases at retail have declined 10 pounds, but about 3.5 pounds of this decline reflect the reduced amount of fat and bone being purchased and thus a higher valued product at retail. The

Table 11--Calf slaughter by class under Federal inspection

	Bob veal	Fed		Other	
Year	150 lb & below	Formula 150-400 lb	Nonformula 150-400 lb	over 400 lb	Total

1,000 head					
1986	1,618.6	1,009.3	285.9	281.0	3,194.8
1987					
Jan	115.9	87.1	15.1	29.5	247.6
Feb.	104.5	82.2	13.3	24.7	224.7
Mar.	120.5	90.2	13.8	26.6	251.1
Apr.	89.4	86.8	15.5	23.2	214.9
May	70.0	80.7	14.4	24.0	189.1
Jun.	81.3	94.2	13.3	25.7	214.5
July	101.3	80.8	12.1	26.0	220.2
Aug.	101.6	64.2	14.8	21.8	202.4
Sept.	99.4	91.0	14.0	24.2	228.6
Oct.	102.8	85.6	19.3	25.4	233.1
Nov.	103.5	70.4	12.3	25.1	211.3
Dec.	117.6	89.5	13.5	21.3	241.9
Year	1,207.8	1,002.7	171.4	297.5	2,679.4
1988					
Jan.	92.5	82.0	12.5	18.1	205.1
Feb.	86.5	84.9	16.2	15.2	202.8
Mar.	96.3	92.8	11.4	15.3	215.8
Apr.	65.3	78.7	10.8	14.3	169.1
May	58.1	80.7	17.1	15.4	171.3
Jun.	82.1	90.4	14.2	17.1	203.8
July	106.3	74.2	14.1	12.4	207.0
Aug.	111.7	86.3	12.2	16.7	226.9
Sept.	92.7	85.0	13.1	16.5	207.3
Oct.	84.6	84.7	11.9	15.8	197.0
Nov.	94.7	81.4	11.3	14.1	201.5
Dec.	95.1	82.2	11.1	14.2	202.6
Year	1,065.9	1,003.3	155.9	185.1	2,410.2
1989					
Jan.	83.4	83.6	10.3	18.3	195.6
Feb.	75.7	76.6	7.7	15.3	175.3
Mar.	83.1	84.6	9.9	16.7	194.3
Apr.	49.8	74.5	7.3	23.9	152.0
May	54.7	77.9	9.3	15.4	157.3
June	56.4	81.6	8.1	15.1	161.2

edible per capita beef consumption figure is 95 percent of retail beef consumption, while the comparable pork and broiler figures are 71 and 69 percent, respectively. The broiler and pork figures reflect the higher proportion of bone

and fat that are not ingested. Retail beef prices have risen 9 percent since 1985, but nearly 5 percent of the increase is due to the higher valued product as the amount of bone and fat purchased is reduced.

Table 12--Commercial calf slaughter and production

Year	Slaughter	Dressed weight	Production
	1,000 head	Pounds	Million pounds
1986			
I	873	148	129
II	836	154	129
III	859	150	129
IV	839	145	122
Year	3,408	149	509
1987			
I	760	147	112
II	651	155	101
III	684	145	99
IV	720	144	104
Year	2,815	148	416
1988			
I	647	150	97
II	567	162	92
III	665	149	99
IV	627	158	99
Year	2,506	154	387
1989			
I	583	156	91
II	488	174	85

Table 13--Commercial cattle slaughter 1/ and production

Year	Steers and heifers			Cows	Bulls and stags	Total	Dressed weight	Commercial production
	Fed	Nonfed	Total					
-----1,000 head-----							Pounds	Million pounds
1986								
I	6,509	325	6,834	1,885	165	8,884	649	5,769
II	6,702	683	7,385	2,006	181	9,572	653	6,246
III	6,780	740	7,520	1,941	191	9,652	651	6,273
IV	6,126	748	6,874	2,129	177	9,180	645	5,925
Year	26,117	2,496	28,613	7,961	714	37,288	649	24,213
1987								
I	6,511	439	6,950	1,652	163	8,765	656	5,754
II	6,477	619	7,096	1,603	179	8,878	646	5,737
III	6,945	461	7,406	1,636	181	9,223	657	6,064
IV	6,353	543	6,896	1,719	166	8,781	666	5,850
Year	26,286	2,062	28,348	6,610	689	35,647	657	23,405
1988								
I	6,591	309	6,900	1,529	152	8,581	664	5,700
II	6,757	334	7,091	1,504	164	8,759	660	5,784
III	7,109	349	7,458	1,575	167	9,200	672	6,185
IV	6,218	431	6,649	1,729	161	8,539	674	5,755
Year	26,675	1,423	28,098	6,337	644	35,079	668	23,424
1989								
I	6,325	162	6,487	1,550	143	8,180	676	5,529
II	6,897	88	6,985	1,541	168	8,694	664	5,777

1/ Classes estimated.

Table 14--Federally inspected cattle slaughter

Week ended	Cattle			Steers			Total			Cows			Dairy/total		
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989	1987	1988	1989
-----Thousands-----															
-----Percent-----															
Jan. 7	741	664	543	349	328	256	148	131	119	66	64	64	45	49	54
14	766	723	627	360	359	290	151	126	131	67	62	68	44	49	52
21	707	703	654	336	353	313	124	126	129	61	60	65	49	48	50
28	673	675	640	332	340	310	128	119	124	64	57	62	50	48	50
Feb. 4	674	646	624	316	335	300	135	116	113	67	58	60	50	50	53
11	621	639	605	303	332	300	119	106	103	59	55	56	50	52	55
18	602	637	644	292	316	319	109	118	119	55	59	64	50	50	54
25	657	640	628	326	314	309	121	121	108	65	60	62	54	49	57
Mar. 4	678	616	639	337	304	316	127	114	114	67	56	62	53	49	54
11	646	609	600	311	298	312	124	105	104	58	54	57	47	52	55
18	624	622	588	300	307	288	111	106	119	55	54	61	49	51	51
27	616	607	584	303	304	286	116	108	114	58	53	57	50	49	49
Apr. 1	652	617	587	328	316	286	121	106	111	57	51	57	47	48	51
8	649	600	609	333	310	300	114	101	118	51	50	57	45	50	48
15	681	619	646	349	315	335	119	110	117	52	54	56	44	49	48
22	639	670	663	330	349	332	117	108	122	48	50	56	41	46	46
29	635	674	652	321	356	332	118	109	122	48	50	54	41	46	44
May 6	631	664	666	309	358	326	116	104	128	46	46	56	40	44	44
13	700	664	670	348	344	339	124	109	118	50	47	50	37	43	43
20	695	682	675	355	348	344	131	118	115	49	48	50	37	41	44
27	613	689	673	308	355	342	107	125	115	43	52	50	40	42	44
June 3	680	575	589	351	298	301	117	96	99	50	39	42	43	41	43
10	669	681	662	340	336	328	115	120	114	49	50	49	43	42	43
17	649	678	680	320	338	339	123	129	114	49	53	53	40	41	46
24	680	678	658	339	344	331	129	120	109	52	50	48	40	42	44
July 1	621	682	671	316	348	329	109	119	112	47	50	50	43	42	44
8	652	609	564	338	306	288	114	108	79	51	51	37	45	48	47
15	682	724	691	339	341	335	128	135	122	53	62	56	41	46	46
22	672	691	672	333	359	326	121	116	115	51	55	55	42	47	48
29	676	694	638	339	346	312	123	112	106	56	57	52	46	51	49
Aug. 5	694	678		335	339		123	111		58	54		47	49	
12	713	694		354	346		124	112		58	56		47	50	
19	692	688		336	337		129	115		63	54		49	47	
26	706	678		341	328		132	121		66	58		50	48	
Sept 2	690	703		324	326		119	116		54	55		45	47	
9	624	614		293	288		100	101		44	49		44	49	
16	729	692		337	333		122	124		53	58		43	47	
23	677	672		312	332		123	119		57	58		46	49	
30	684	667		324	316		116	118		53	58		46	49	
Oct. 7	690	674		340	309		120	125		53	56		44	46	
14	696	680		338	311		128	127		55	56		43	44	
21	676	673		319	312		136	132		57	58		42	44	
28	663	676		315	310		140	143		59	64		44	45	
Nov. 4	649	656		311	304		140	140		59	62		41	44	
11	643	621		301	298		135	134		56	62		41	46	
18	648	623		308	286		141	140		57	63		40	45	
25	576	546		280	260		109	110		46	51		42	46	
Dec. 2	646	648		305	298		139	145		58	67		42	46	
9	660	624		311	300		140	140		60	66		43	47	
16	638	623		324	306		114	126		51	62		45	50	
23	482	622		242	305		80	116		39	58		49	50	
30	561	549		291	281		86	90		41	46		48	51	

1/ Corresponding dates to 1989: 1987, Jan. 10; 1988, Jan. 9.

Table 15--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share

Year	Retail price 1/	Gross carcass value 2/	By-product allowance 3/	Net carcass value 4/	Gross farm value 5/	By-product allowance 6/	Net farm value 7/	Farm retail-spread			Farmers' share 8/
								Total	Carcass-retail	Farm-carcass	
-----Cents per pound-----											Percent
1985	232.6	137.0	1.8	135.2	142.2	15.4	126.8	105.8	97.4	8.4	55
1986	230.7	134.3	1.2	133.1	140.0	15.6	124.4	106.3	97.6	8.7	54
1987	242.5	146.7	1.4	145.3	157.6	19.7	137.9	104.6	97.2	7.4	57
I	234.6	138.4	1.4	137.0	147.9	17.6	130.3	104.3	97.6	6.7	56
II	243.2	157.6	1.5	156.1	167.8	20.0	147.8	95.4	87.1	8.3	61
III	246.4	146.9	1.4	145.5	157.8	20.1	137.7	108.7	100.9	7.8	56
IV	245.9	144.2	1.5	142.7	156.9	21.0	135.9	110.0	103.2	6.8	55
1988											
I	245.9	150.7	1.7	149.0	166.0	23.2	142.8	103.1	96.9	6.2	58
II	254.4	162.2	1.8	160.4	176.2	23.2	153.0	101.4	94.0	7.3	60
III	258.9	151.3	1.7	149.6	163.9	21.6	142.2	116.7	109.3	7.4	55
IV	259.4	158.2	1.7	156.5	171.4	20.0	151.4	108.0	102.9	5.1	58
Year	254.7	155.6	1.7	153.9	169.4	22.0	147.4	107.3	100.8	6.5	58
1989											
Jan.	264.3	161.5	1.7	159.8	175.4	19.6	155.8	108.5	104.5	4.0	59
Feb.	265.2	162.5	1.6	160.9	177.7	20.1	157.6	107.6	104.3	3.3	59
Mar.	269.5	169.0	1.6	167.4	185.6	21.7	163.9	105.6	102.1	3.5	61
I	266.3	164.3	1.6	162.7	179.6	20.5	159.1	107.2	103.6	3.6	60
Apr.	269.8	171.1	1.6	169.5	184.7	20.4	164.3	105.5	100.3	5.2	61
May	271.9	169.3	1.6	167.7	180.7	19.8	160.9	111.0	104.2	6.8	59
June	268.1	160.0	1.5	158.5	172.7	20.2	152.5	115.6	109.6	6.0	57
II	269.9	166.8	1.6	165.2	179.3	20.1	159.2	110.7	104.7	6.0	59
July	271.6	157.9	1.5	156.4	171.0	21.1	149.9	121.7	115.2	6.5	55

1/ Estimated weighted-average of BLS prices of retail cuts from Choice Yield Grade 3 carcass. 2/ Value of carcass-quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.476 is used. 3/ Portion of gross carcass value attributed to fat and bone trim. 4/ Gross carcass value minus carcass byproduct allowance. 5/ Market value to producer for 2.4 lb of live animal, equivalent to 1 lb of retail cuts. 6/ Portion of gross farm value attributed to edible and inedible byproducts. 7/ Gross farm value minus farm byproduct allowance. 8/ Percent net farm value is of retail price.

Table 16--Corn Belt cattle feeding: Selected costs at current rates 1/

Purchased during 1988-89 Marketed during 1989-90	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan.
Expenses: (\$/head)												
600 lb. feeder steer	507.90	504.00	514.86	503.40	516.78	516.00	513.36	506.70	495.78	501.00	512.28	522.78
Transportation to feedlot-400 miles	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.) ^{117.90}	116.10	114.30	112.50	112.50	115.20	116.10	117.00	114.98	116.55	109.80	112.73	108.00
Silage (1.7 tons)	49.76	49.00	47.12	46.21	47.20	48.55	50.26	50.99	50.33	50.91	48.36	44.24
Protein supplement (270 lb.)	44.28	44.28	41.85	41.85	41.85	41.85	41.85	41.85	39.29	39.29	39.29	38.75
Hay (400 lb.)	19.60	19.30	18.20	17.80	18.50	19.10	20.20	20.60	20.40	20.60	19.30	17.00
Total feed costs	231.54	228.68	221.47	218.36	220.05	224.70	228.41	230.44	224.99	227.34	216.19	207.99
Labor (4 hrs.)	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72	15.72
Management (1 hr.) 2/	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86	7.86
Vet medicine 3/	5.55	5.55	5.61	5.61	5.61	5.67	5.67	5.67	5.73	5.73	5.73	5.76
Interest on purchase (6 months)	28.37	28.15	29.91	29.25	30.02	30.73	30.57	30.17	30.94	31.26	31.97	32.31
Power, equip., fuel, shelter, deprec. 3/	25.87	25.87	25.15	26.15	26.15	26.46	26.46	26.46	26.74	26.74	26.74	26.87
Death loss (1% of purchase)	5.08	5.04	5.15	5.03	5.17	5.16	5.13	5.07	4.96	5.01	5.12	5.23
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous and indirect costs 3/	11.19	11.19	11.31	11.31	11.31	11.44	11.44	11.44	11.57	11.57	11.57	11.62
Total	850.01	842.99	848.97	806.88	849.61	854.68	855.57	850.48	835.23	835.17	847.61	847.08
Selling price required to cover: (\$/cwt.)												
Feed and feeder cost (1050 lb.)	70.42	69.78	70.13	66.19	70.17	70.54	70.64	70.20	68.64	69.37	69.71	69.60
All costs (1050 lb.)	80.95	80.28	80.85	76.85	80.91	81.40	81.48	81.00	79.55	80.30	80.72	80.67
Feed cost per 100 lb. gain (450 lb.)	51.45	50.82	49.21	42.58	48.90	49.93	50.76	51.21	50.00	50.52	48.82	46.22
Choice steers, Omaha (1000-1100 lb.)	72.92	75.75	75.31	74.52	71.71	70.74						
Net margin	-8.03	-4.53	-5.54	-4.87	-9.20	-10.66						
Prices:												
Feeder steer, Choice (600-700 lb.)												
Kansas City \$/cwt.	84.65	84.00	85.81	83.90	86.13	86.00	85.56	84.45	82.63	83.50	85.38	87.13
Corn \$/bu. 4/	2.62	2.58	2.54	2.50	2.50	2.56	2.58	2.60	2.56	2.59	2.44	2.40
Hay \$/ton 4/	98.00	96.50	91.00	89.00	92.50	95.50	101.00	103.00	102.00	103.00	96.50	85.00
Corn silage \$/ton 5/	29.27	28.82	27.72	24.69	27.76	28.56	29.57	30.00	29.61	29.95	28.12	26.03
Protein supplement (32-36%) \$/cwt. 6/	16.40	16.40	15.50	15.50	15.50	15.50	15.50	15.50	14.55	14.55	14.55	14.35
Farm labor \$/hour	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Interest rate, annual	11.17	11.17	11.62	11.62	11.62	11.91	11.91	11.91	12.48	12.48	12.48	12.36
Transportation rate \$/cwt. per 100 mile 7	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Mktg. expenses \$/cwt.	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	1180	1180	1193	1193	1193	1207	1207	1207	1220	1220	1220	1226

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production, and locality of operation. 2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in IA and IL. 5/ Price derived from an equivalent price of 5 bushels corn and 330 lb. hay. 6/ Average price paid by farmers in IA and IL. 7/ Converted from cents/mile for a 44,000-lb. haul. 8/ Yardage plus commission fees at a Midwest terminal market.

Table 17--Great Plains custom cattle feeding: Selected costs at current rates 1/

Purchased during 1988 Marketed during 1988-89	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan.
Expenses: (\$/head)												
600 lb. feeder steer	492.00	494.28	493.14	490.20	496.98	518.28	513.00	496.20	477.00	485.40	499.02	520.02
Transportation to feedlot (300 miles)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed												
Milo (1500 lb) 2/	76.50	77.10	76.50	72.15	71.40	74.70	72.75	73.05	72.00	72.75	71.25	70.65
Corn (1500 lb) 2/	84.15	85.05	84.15	80.85	82.05	83.10	80.70	81.15	79.95	80.25	78.90	79.35
Cotton seed meal (400 lb)	57.60	57.60	53.60	53.60	53.60	56.00	56.00	56.00	56.00	56.00	56.00	51.60
Alfalfa hay (800 lb)	47.60	50.80	50.80	52.00	51.60	53.20	54.00	49.20	57.60	52.80	52.80	64.00
Total feed cost	265.85	270.55	265.05	258.60	258.65	267.00	263.45	259.40	265.55	261.80	258.95	265.60
Feed handling and management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder and 1/2 feed	35.15	35.41	38.32	37.94	38.36	42.37	41.91	40.68	41.16	41.60	42.42	42.43
Death loss (1.5% of purchase)	7.38	7.41	7.40	7.35	7.45	7.77	7.69	7.44	7.15	7.28	7.49	7.80
Marketing 3/	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.	F.o.b.
Total	831.34	838.62	834.87	825.06	832.41	866.38	857.01	834.69	821.82	827.04	838.84	866.81
Selling price required to cover: 4/ \$/cwt.												
Feed and feeder cost (1056 lb)	71.77	72.43	71.80	70.91	71.56	74.36	73.53	71.55	70.32	70.76	71.78	74.40
All costs	78.73	79.41	79.06	78.13	78.83	82.04	81.16	79.04	77.82	78.32	79.44	82.08
Selling price 5/	75.40	78.87	77.51	75.30	71.71	71.28						
Net margin	-3.33	-.54	-1.55	-2.83	-7.12	-10.76						
Cost per 100 lb. gain:												
Variable cost												
less interest \$/cwt.	59.45	60.39	59.29	57.99	58.02	59.75	59.03	58.17	59.34	58.62	58.09	59.48
Feed costs \$/cwt.	53.17	54.11	53.01	51.72	51.73	53.40	52.69	51.88	53.11	52.36	51.79	53.12
Prices: (\$/cwt)												
Choice feeder steer 600-700 lb. Amarillo	82.00	82.38	82.19	81.70	82.83	86.38	85.50	82.70	79.50	80.90	83.17	86.67
Transportation rate \$/cwt/100 miles 6/	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee \$/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo \$/cwt.	4.95	4.99	4.95	4.66	4.61	4.83	4.70	4.72	4.65	4.70	4.60	4.56
Corn \$/cwt.	5.46	5.52	5.46	5.24	5.32	5.39	5.23	5.26	5.18	5.20	5.11	5.14
Cottonseed Meal (41%) \$/cwt. 7/	14.40	14.40	13.40	13.40	13.40	14.00	14.00	14.00	14.00	14.00	14.00	12.90
Alfalfa hay \$/ton 8/	89.00	97.00	97.00	100.00	99.00	103.00	105.00	93.00	114.00	102.00	102.00	130.00
Feed handling and management \$/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate 9/	11.25	11.25	12.25	12.25	12.25	13.00	13.00	13.00	13.50	13.50	13.50	13.00
Marketed During:												
Choice Steer Price 9-11												
Tex-NM Direct	75.40	78.87	77.51	75.30	71.71	71.28						

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb per day with feed conversion of 8.4 lb per pound gain. 2/ Texas Panhandle elevator price plus \$0.15/cwt handling and transportation to feedlots. 3/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 4/ Sale weight 1,056 lb (1,100 lb less 4-percent shrink). 5/ Choice slaughter steers, 900-1100 lb, Texas-New Mexico direct. 6/ Converted from cents per mile for a 44,000-lb haul. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus \$30/ton handling and transportation to feedlots. 9/ Prime rate plus 2 points.

Change in the Beef Carcass-to-Retail Conversion Factor for 1988

As indicated in the special article, "Beef Carcass-to-Retail Conversion Factor Changed," in the February 1988 *Livestock and Poultry Situation and Outlook Report*, the carcass-to-retail conversion factor will be reestimated for each calendar year as data become available. The conversion factor for 1988 (and for later years unless a change is indicated when reexamined) is 0.705. This conversion factor was 0.74 from 1962 to 1985, but with the introduction of trimming fat to one-quarter inch or less and increased bone removal, the conversion factor declined to 0.73 in 1986 and to 0.71 in 1987.

The new conversion factor (0.705) has been used to revise the per capita retail weight disappearance (consumption) estimates in the Supply and Utilization data in this issue. This significant change resulted mainly from trimming more fat and bone from meat prior to retail sale in 1988 relative to earlier years. An important source of information used to recompute the 1987 and 1988 conversion factors was the Texas A&M National Beef Market Basket Survey taken in late 1987 and early 1988 in 12 cities across the United States.^{1/}

The effect of the change in the conversion factor from 74 to 70.5 percent decreased estimated retail weight of per capita disappearance (consumption) by 3.5 pounds for 1988. It may not have affected the actual amount of beef ingested very much, as in many cases the fat and bone now removed before retail sale may have been left in a pan as grease or left on the plate as table scraps. The conversion factor does indicate that the consumer receives more lean beef per pound of product purchased.

^{1/} Savell, J. W., H. R. Cross, D.S. Hale and Lisa Beasley. *National Beef Market Basket Survey*, Meat Research Brief, Texas A&M University, College Station, Texas 1988, 14 pages. [Larry Duewer, Ken Nelson and Fred White (202) 786-1712]

U.S. Cattle and Beef Trade

Live Cattle Trade To Decline

U.S. imports of live cattle remain down because of the drop in feeder cattle exports from Mexico. Mexican exports are generally light during the summer and the 20-percent export tariff collected by the Mexican Government remains a strong disincentive for Mexican exporters. Canadian exports continue strong. Exports from Canada are likely to slow in the latter part of the year as more cattle are diverted to the new slaughter facility near Calgary which started slaughtering in June.

Live cattle imports during 1990 are also forecast to be down from 1989 levels because of lower imports from Canada and Mexico. The new Canadian slaughter plant could continue to limit Canadian live cattle exports. The Mexican Government's economic solidarity programs to hold down consumer prices and to import meat have been a disincentive for Mexican producers to increase herds.

U.S. cattle exports, which go mainly to Mexico, also are forecast to be down in 1989. Exports of slaughter cattle to Mexico rose in 1988 to 212,894 head, up from 25,523 in 1987. U.S. credit programs and the desire of the Mexican Government to increase meat supplies quickly were the main reason for the unusually high shipments. The Mexican Government also removed the 10-percent ad-valorem import tariff for live bovine animals. Breeding cattle generally make up the largest share of exports.

Table 18--U.S. live cattle trade 1/

Country or area	Annual 1988	January-June		
		1988	1989	Percent change
		Thousand head		Percent
Imports				
Mexico	844.2	732.0	504.0	-31.2
Canada	487.5	215.7	297.8	38.1
Other	.5	.4	1.1	179.3
Total	1,332.2	948.1	802.8	-15.3
Exports				
Mexico	257.1	18.0	89.8	400.3
Canada	15.3	8.1	6.6	-18.0
Other	49.0	24.5	14.2	-42.1
Total	321.4	50.6	110.7	118.9

1/ May not add due to rounding. Percent change calculated from unrounded data.

Table 19--Imports of feeder cattle and calves and hogs from Canada and Mexico

Year	Feeder cattle and calves		Hogs
	Canada	Mexico	Canada
	Number		
1987			
Jan.	13,615	108,916	48,558
Feb.	19,154	131,631	20,745
Mar.	21,513	134,011	32,206
Apr.	28,569	92,943	47,763
May	27,497	46,567	31,270
June	35,431	95,977	35,143
July	14,568	28,333	40,183
Aug.	13,461	3,419	34,300
Sept.	11,138	12	37,560
Oct.	17,638	0	35,499
Nov.	20,549	4,950	31,787
Dec.	21,577	288,173	50,849
Total	244,710	934,932	445,863
1988			
Jan.	28,013	304,053	58,942
Feb.	29,193	233,635	43,759
Mar.	34,848	95,394	53,682
Apr.	30,899	58,169	55,393
May	44,319	32,816	51,366
June	41,631	5,043	62,137
July	25,098	0	53,360
Aug.	48,177	8	83,256
Sept.	56,200	0	104,310
Oct.	53,307	178	108,945
Nov.	56,006	4,184	106,901
Dec.	29,016	107,805	53,074
Total	476,707	841,285	835,125
1989			
Jan.	52,285	105,822	162,762
Feb.	34,515	146,996	103,245
Mar.	39,386	132,921	144,106
Apr.	46,410	108,428	65,383
May	61,756	9,401	74,488
June	58,534	233	70,821

Some increase in exports of dairy cattle for breeding is likely in 1990, but, if no new U.S. credit programs are announced, exports of slaughter cattle will remain below 1989.

U.S. Beef and Veal Exports Up

U.S. exports of beef and veal to Japan continue to increase. In accord with the U.S.-Japan Beef and Citrus Agreement, Japan is raising imports from all sources 60,000 metric tons a year (132 million lbs.) during Japan's fiscal years 1988-1990. While the markets for grain and grass fed beef have both increased, U.S. high quality beef is capturing a larger share of the market that previously belonged to Australian grass fed beef. U.S. exports also are showing larger than expected increases because of the rise in exports such as skirt steaks to Japan. Skirt steaks and related items are not included in the Japanese quota but are included as a meat export in U.S. statistics. U.S. exports are forecast to continue to increase in 1990 with the further opening of the Japanese market.

U.S. Beef and Veal Imports Down

Total U.S. beef and veal imports declined during first-half 1989 because of reduced shipments from Australia. Slaughter in Australia is expected to be down in 1989 as producers withhold cattle to increase herd size. Wet weather in the

beginning of the year also impeded transport to slaughter. With the reduced production, saleyard prices have been pushed up as more meat is being demanded in the domestic market as well as in Japan and Korea. Australian output and exports are forecast to increase in 1990, but a larger share is expected to enter the expanding Japanese market.

New Zealand's exports to the United States during the first half of 1989 were higher because dry weather increased slaughter. These exports are expected to slacken during the remainder of the year as moisture conditions improve and producers begin to increase herd size.

U.S. imports for 1990 are forecast to be below this year. Exports from New Zealand and Canada are likely to be down. Although Australia will be in a better position to increase its exports to the United States, competition for meat from the domestic market and Japan is expected to remain strong.

Table 20--U.S. beef and veal trade, carcass weight 1/

Country or area	Annual 1988	January-June		
		1988	1989	Percent change
		Million pounds		Percent
Imports				
Australia	1,081.5	660.9	344.7	-47.8
New Zealand	641.0	397.8	437.6	10.0
Canada	172.0	85.9	110.7	28.9
Brazil	117.8	55.1	38.5	-30.2
Argentina	184.3	87.0	83.4	-4.2
Central America	177.2	83.5	72.5	-13.2
Other	32.0	14.0	12.3	-12.1
Total	2,405.8	1,384.1	1,099.7	-20.5
Exports				
Japan	503.5	220.1	354.1	60.9
Canada	52.6	24.5	45.7	86.5
Caribbean	22.9	10.7	9.6	-10.3
Other	111.0	38.5	73.7	91.2
Total	690.0	293.7	483.0	64.4

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

Sheep and Lambs

Dry weather in the Western States has created some problems for sheep producers. Mature sheep slaughter has increased dramatically in the western regions, particularly Texas and New Mexico, where it is up 30 percent for the year. Mature sheep slaughter for the United States is up 13 percent. Exports of live sheep to Mexico, which are typically cull mature ewes, were 190,584 head for January through June 1989, compared with 31,766 head a year earlier. Increased slaughter and increased exports of live sheep raise questions about the industry's ability to continue the production expansion of the last 2 years.

Table 21--Commercial sheep and lamb slaughter 1/ and production

Year	Lambs	Sheep	Total	Dressed weight	Production
	-----1,000 hd.-----			lb.	Mil lb.
1986					
I	1,438	72	1,510	60	90
II	1,246	97	1,343	58	78
III	1,324	80	1,404	58	81
IV	1,306	72	1,378	60	82
Year	3,514	321	5,635	59	331
1987					
I	1,213	57	1,270	60	76
II	1,211	79	1,290	58	75
III	1,241	75	1,316	59	77
IV	1,253	70	1,323	61	81
Year	4,918	281	5,199	59	309
1988					
I	1,292	62	1,354	63	85
II	1,178	82	1,260	63	80
III	1,255	80	1,335	60	80
IV	1,265	79	1,344	62	84
Year	4,990	303	5,293	62	329
1989					
I	1,307	66	1,373	63	87
II	1,197	96	1,293	62	80

1/ Classes estimated.

Lamb and Mutton Production To Decline in 1990

Production in the first half of 1989 was up 2 percent from 1988, due almost entirely to increased numbers slaughtered as opposed to heavier weights. Second-half slaughter should be even with a year ago at 80 and 83 million pounds for the third and fourth quarters, respectively.

Production levels for 1990 remain questionable. If mature sheep slaughter continues at present high rates, production declines will likely be greater than the projected 1 million pounds. First-quarter lamb and mutton production is projected to be 85 million pounds, down from 87 million in 1989. Second-quarter production is expected to increase to 82 million pounds from the 81 million pounds in 1989, because the spring religious holidays come later in the year in 1990. Third- and fourth-quarter production is likely to remain the same in 1990 as 1989.

Second-quarter 1989 slaughter lamb prices at San Angelo were \$74.79 per cwt, up from the first-quarter average of \$69.29. Third-quarter prices should drop seasonally to \$62 to \$64, with fourth-quarter prices at \$59 to \$63. Prices for 1990 should be slightly higher than in 1989 and are expected to average \$64-70. The price strength could come in March and early in the second quarter as the spring religious holidays occur in mid-April.

Hogs

Breeding Herd May Decline

The number of U.S. hogs kept for breeding could decline slightly over the next 6-9 months, as producers continue to face low returns. Breeding inventories peaked last summer, declined through the second half of 1988, then turned

slightly upward in the first half of 1989. The recent upturn was probably inspired by the prospect of bigger grain crops and lower feed costs, and by strong premiums in deferred futures contracts which reflected anticipation of higher hog prices. However, the upturn may have been premature. Returns may be low enough in the months ahead to cause some operators to delay expansion, and induce others to liquidate further.

Net returns over all costs are expected to hold below breakeven until mid-1990, despite a probable decline in feed costs. If so, producers will have experienced negative returns through six consecutive quarters. The persistence of low returns may force further cutbacks among higher-cost/lower-capitalized operations. Such operations likely accounted for most of the herd liquidation that has occurred so far.

Operations with lower costs or stronger capital bases, some of which increased inventories over the past year, are not expected to liquidate. However, even the more efficient units will be adversely affected by such a long period of low returns. In addition, deferred futures prices have fallen substantially since the release of the *June Hogs and Pigs* report. Lower futures prices would reduce forward pricing opportunities, and create a more pessimistic outlook regarding profitability.

The outlook for low returns to hog producers is not conducive to expansion. Thus, the 1-percent increase in September-November farrowing intentions reported in June likely does not portend larger farrowings in subsequent periods. In fact, farrowings during December 1989-May 1990 could be below a year earlier. Sows farrowing in December-May will be bred this fall and winter, and will produce most of the hogs to be slaughtered in the second half of 1990.

Large Stocks Depress Pork Belly Prices

Stocks of pork in cold storage this summer were among the largest in history. A large portion was pork bellies, which are used to produce bacon. Typically, belly stocks are accumulated from November until June, and drawn out of storage during the summer. This year, the peak stock level was the highest since 1971. The large supply of frozen bellies was accompanied by a high rate of fresh belly production, resulting in a burdensome total supply, and the lowest summer pork belly prices in nearly 20 years.

The low price of pork bellies has had a depressing effect on hog prices this summer. Bellies account for about 14-18 percent of the hog carcass. Thus, every \$1-per-cwt decline in belly prices reduces the total value of the hog carcass by 14-18 cents per cwt. As carcass value declines, packers reduce bids for live hogs. In the third quarter so far, fresh belly prices have averaged \$9 per cwt below a year earlier. However, carcass cutout values have been nearly unchanged

because of higher prices for most other pork cuts. Barrow and gilt prices likely will average around \$45 per cwt at the 7 markets in the third quarter, compared with \$44 a year ago.

Weak Hog Prices Anticipated in Fall and Winter

Barrow and gilt prices in the fall quarter likely will average in the high \$30's per cwt, near a year earlier. Prices will be pressured not only by large pork supplies, but also by a substantial increase in turkey supplies. Fourth-quarter pork production may be slightly lower than a year earlier, but still among the largest of the 1980's. Turkey production is expected to rise 11 percent from the previous year, and stocks of frozen turkey on October 1 could be at least 10 percent higher. Turkey will compete primarily with ham, the most important pork product in the fourth quarter. Compounding the pressure, ham stocks this fall could be record large. Downward pressure on ham prices will be reflected in lower bids for live hogs.

Weekly hog slaughter under Federal inspection could reach 1.9 million head during the fourth quarter, compared with a low of 1.5 million in midsummer. The seasonal increase in slaughter will be accompanied by a substantial decline in hog prices, likely beginning in September. At their seasonal lows, barrow and gilt prices could dip into the mid-\$30's per cwt.

Hog prices may remain weak through the winter. Intentions for June-August farrowings, which will supply the bulk of winter hog slaughter, were only 1 percent below a year earlier. In first-quarter 1989, barrow and gilt prices at the 7 markets averaged \$41 per cwt. A similar average price is anticipated in first-quarter 1990. Winter price peaks may only be in the mid-\$40's, unless weather conditions severely affect growth rates and marketings.

Pork Production May Slip in 1990

If producers follow through with reported farrowing intentions, pork production in the first half of 1990 likely will be slightly above a year earlier. But to the extent that breedings may be reduced this fall and winter, production will decline in the second half. For all of 1990, commercial pork production is projected near 15.7 billion pounds, down 1 percent from the anticipated 1989 total of 15.9 billion. Lower pork supplies should result in higher prices for hogs and retail pork. The 7 market average price of barrows and gilts in 1989 is expected to be about \$42 per cwt, and may rise a dol-

Table 22--Federally inspected hog slaughter

Week ended	1986	1987	1988	1989
Thousands				
Jan. 7	1,675	1,683	1,726	1,416
14	1,654	1,659	1,766	1,721
21	1,563	1,527	1,605	1,681
28	1,506	1,500	1,543	1,644
Feb. 4	1,526	1,455	1,535	1,631
11	1,512	1,502	1,545	1,656
18	1,501	1,395	1,542	1,675
25	1,606	1,533	1,595	1,665
Mar. 4	1,635	1,556	1,610	1,619
11	1,650	1,578	1,674	1,716
18	1,556	1,574	1,639	1,702
25	1,579	1,504	1,631	1,601
Apr. 1	1,518	1,529	1,599	1,648
8	1,633	1,553	1,573	1,761
15	1,651	1,468	1,655	1,767
22	1,619	1,393	1,660	1,813
29	1,637	1,453	1,695	1,764
May 6	1,607	1,475	1,654	1,732
13	1,560	1,440	1,634	1,658
20	1,518	1,448	1,577	1,629
27	1,310	1,232	1,533	1,618
June 3	1,471	1,385	1,323	1,343
10	1,459	1,372	1,489	1,577
17	1,373	1,341	1,513	1,589
24	1,330	1,356	1,503	1,533
July 1	1,118	1,193	1,537	1,500
8	1,390	1,360	1,330	1,233
15	1,349	1,345	1,537	1,558
22	1,281	1,354	1,542	1,518
29	1,314	1,334	1,456	1,501
Aug. 5	1,338	1,372	1,528	
12	1,368	1,445	1,571	
19	1,402	1,404	1,513	
26	1,419	1,475	1,563	
Sept. 2	1,257	1,548	1,607	
9	1,492	1,363	1,517	
16	1,504	1,671	1,807	
23	1,504	1,621	1,868	
30	1,521	1,658	1,803	
Oct. 7	1,555	1,640	1,830	
14	1,528	1,720	1,838	
21	1,551	1,664	1,845	
28	1,580	1,763	1,895	
Nov. 4	1,576	1,792	1,908	
11	1,537	1,778	1,827	
18	1,557	1,772	1,920	
25	1,308	1,463	1,562	
Dec. 2	1,530	1,845	1,956	
9	1,548	1,879	1,887	
16	1,503	1,729	1,800	
23	1,070	1,150	1,668	
30	1,258	1,458	1,420	

1/ Corresponding dates to 1989: 1986, Jan. 11, 1987, Jan. 10, 1988, Jan. 9.

lar or so in 1990. Retail prices could show a greater increase. Average retail prices in 1990 are projected at \$1.82-1.85 per pound, compared with an expected average of \$1.80 this year.

Table 23--Pork: Retail, wholesale, and farm values, spreads, and farmers' share

Year	Retail price 1/	Wholesale value 2/	Gross farm value 3/	By-product allowance 4/	Net farm value 5/	Farm retail spread			Farmers' share 6/
						Total	Wholesale-retail	Farm-wholesale	
-----Cents per pound-----									
1985	162.0	101.1	76.2	4.8	71.4	90.6	60.9	29.7	44
1986	178.4	110.9	87.3	4.9	82.4	96.0	67.5	28.5	46
1987	188.4	113.0	87.9	5.2	82.7	105.7	75.4	30.3	44
I	185.0	103.8	81.8	5.0	76.8	108.2	81.2	27.0	41
II	183.4	116.6	95.6	5.5	90.1	93.3	66.8	26.5	49
III	195.5	124.3	100.3	5.9	94.4	101.1	71.2	29.9	48
IV	189.7	107.4	74.0	4.3	69.7	120.0	82.3	37.7	37
1988									
I	183.9	104.3	76.4	4.6	71.8	112.1	79.6	32.5	39
II	184.8	105.1	78.0	4.6	73.4	111.4	79.7	31.7	40
III	185.9	99.5	75.0	4.6	70.4	115.5	86.4	29.1	38
IV	179.0	95.3	66.2	4.0	62.2	116.8	83.7	33.1	35
Year	183.4	101.0	73.8	4.6	69.4	114.0	82.4	31.6	38
1989									
Jan.	181.1	94.3	71.1	4.4	66.7	114.4	86.8	27.6	37
Feb.	179.3	92.7	69.5	4.3	65.2	114.1	86.6	27.5	36
Mar.	179.7	91.8	67.5	4.2	63.3	116.4	87.9	28.5	35
I	180.0	92.9	69.4	4.3	65.1	114.9	87.1	27.8	36
Apr.	179.5	88.6	63.0	4.0	59.0	120.5	90.9	29.6	33
May	177.1	95.5	72.8	4.4	68.4	108.7	81.6	27.1	39
June	179.1	99.6	78.7	4.7	74.0	105.1	79.5	25.6	41
II	178.6	94.6	71.5	4.4	67.1	111.5	84.0	27.5	38
July	182.8	100.6	80.1	4.9	75.2	107.6	82.2	25.4	41

1/ Estimated weighted-average of BLS prices of retail cuts from pork carcass. 2/ Value of wholesale quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.06 is used. 3/ Market values to producer for 1.7 lb of live animal, equivalent to 1 lb of retail cuts. 4/ Portion of gross farm value attributable to edible and inedible by-products. 5/ Gross farm value minus by-product allowance. 6/ Percent net farm value is of retail price.

Table 24--Commercial hog slaughter 1/ and production

Year	Barrows & gilts	Sows	Boars	Total	Dress- ed wt.	Comm'l- prod.
----- 1,000 hd.-----					lb.	Mil lb.
1986						
I	19,272	920	187	20,379	175	3,570
II	19,224	896	196	20,316	176	3,568
III	17,365	999	210	18,573	174	3,237
IV	19,223	927	179	20,330	178	3,623
Year	75,084	3,742	772	79,598	176	13,998
1987						
I	19,008	762	170	19,940	178	3,540
II	17,877	846	188	18,911	176	3,327
III	18,201	1,009	186	19,396	174	3,384
IV	21,776	888	170	22,834	178	4,061
Year	76,862	3,505	714	81,081	177	14,312
1988						
I	20,281	890	189	21,360	177	3,790
II	19,736	941	200	20,877	179	3,727
III	19,968	1,182	228	21,378	177	3,775
IV	22,932	1,054	194	24,180	179	4,331
Year	82,916	4,068	814	87,795	178	15,623
1989						
I	20,748	943	195	21,886	178	3,887
II	20,682	1,037	220	21,939	179	3,928

1/ Classes estimated.

Table 25--Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region 1/

Item	1988					1989						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Dollars per cwt												
Cash receipts: 2/												
Market hogs (94.25 lb)	43.63	38.91	37.20	34.96	38.41	39.48	38.75	37.53	34.73	40.28	43.82	44.71
Cull sows (5.75 lb)	1.90	1.86	1.75	1.55	1.62	1.86	1.96	1.94	1.80	1.90	1.94	1.95
Total	45.53	40.77	38.95	36.51	40.03	41.34	40.71	39.47	36.53	42.18	45.76	46.66
Cash expenses												
Feed--												
Corn (345.6 lb)	10.66	11.50	13.50	14.93	14.76	14.64	14.40	14.44	15.27	16.20	15.97	15.96
Soybean meal (70.6 lb)	9.92	9.92	9.92	11.03	11.03	11.03	11.67	11.67	11.67	11.76	11.76	11.76
Mixing concentrates (14.3 lb)	2.85	2.85	2.85	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
Total feed	23.43	24.27	26.27	28.82	28.65	28.53	28.93	28.97	29.80	30.82	30.59	30.58
Other--												
Veterinary and medicine 4/	0.73	0.73	0.73	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Fuel, lube, and electricity	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
Machinery and building repairs	2.45	2.45	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46
Hired labor 4/	1.39	1.39	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43
Miscellaneous	0.61	0.61	0.61	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62	0.62
Total, variable expenses	30.12	30.96	33.01	35.58	35.41	35.29	35.69	35.73	36.56	37.58	37.35	37.34
General farm overhead	1.59	1.42	1.36	1.28	1.40	1.45	1.42	1.38	1.28	1.48	1.60	1.63
Taxes and insurance	0.71	0.71	0.71	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Interest	3.87	3.47	3.31	3.12	3.42	3.53	3.48	3.37	3.12	3.60	3.91	3.99
Total, fixed expenses	6.17	5.60	5.38	5.14	5.56	5.72	5.64	5.49	5.14	5.82	6.25	6.36
Total, cash expenses 5/	36.29	36.56	38.39	40.72	40.97	41.01	41.33	41.22	41.70	43.40	43.60	43.70
Receipts less cash expenses	9.24	4.21	0.56	-4.21	-0.94	0.33	-0.62	-1.75	-5.17	-1.22	2.16	2.96
Capital replacement	5.93	5.93	5.93	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94
Receipts less cash expenses and replacement	3.31	-1.72	-5.37	-10.15	-6.88	-5.61	-6.56	-7.69	-11.11	-7.16	-3.78	-2.98

1/ The feed rations and expense items do not necessarily coincide with the experience of individual hog operations and are an average of a group of operators. For individual use, adjust expenses and prices for management, production levels and locality of operation. 2/ Based on 94.25 lb of barrows and gilts liveweight and 5.75 lb of sows per cwt sold. 3/ Includes costs for feed medication, which is usually included as part of the feed cost. 4/ Based on .204 hours per cwt of liveweight hog marketed. 5/ Does not include a charge for family or operator labor (.732 hours) or a charge for land and fixed assets.

Table 26--Corn Belt hog feeding: Selected costs at current rates 1/

Purchased during 1988-89 Marketed during 1988-89	Sept. Jan.	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.
Expenses: (\$/head)											
40-50 lb feeder pig	28.30	30.95	27.99	29.17	35.25	34.18	39.55	34.74	34.24	28.85	26.06
Corn (11 bu)	28.38	27.94	27.50	27.50	28.16	28.38	28.60	28.16	28.49	27.61	26.40
Protein supplement (130 lb)	25.29	23.92	23.92	23.92	23.21	23.21	23.21	22.04	22.04	22.04	22.29
Total feed	53.67	51.86	51.42	51.42	51.37	51.59	51.81	50.20	50.53	49.65	48.70
Labor & management (1.3 hr)	12.12	12.61	12.61	12.61	13.47	13.47	13.47	12.90	12.90	12.90	12.90
Vet medicine 2/ Interest on purchase (4 mo)	2.80	2.83	2.83	2.83	2.86	2.86	2.86	2.89	2.89	2.89	2.91
Power, equip, fuel, shelter depreciation 2/ Death loss	1.05	1.20	1.08	1.13	1.40	1.36	1.57	1.44	1.42	1.20	1.07
(4% of purchase)	6.81	6.89	6.89	6.89	6.97	6.97	6.97	7.04	7.04	7.04	7.08
Transportation (100 miles)	1.13	1.24	1.12	1.17	1.41	1.37	1.58	1.39	1.37	1.15	1.04
Marketing expenses	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Miscel. & indirect costs 2/ Total	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Selling price required to cover: (\$/cwt)	.70	.71	.71	.71	.72	.72	.72	.72	.72	.72	.73
Feed and feeder costs (220 lb)	108.20	109.90	106.27	107.54	115.06	114.13	120.14	112.95	112.74	106.03	102.10
All costs (220 lb)	37.26	37.64	36.10	36.63	39.37	38.98	41.53	38.61	38.53	35.68	33.98
Feed cost per 100-lb gain (180 lb)	49.18	49.96	48.30	48.88	52.30	51.88	54.61	51.34	51.24	48.19	46.41
Barrows and gilts, (7 mkts)	29.81	28.81	28.57	28.57	28.54	28.66	28.78	27.89	28.07	27.58	27.05
Net margin	41.58	40.91	39.85	37.06	42.37	46.10	47.06				
	-7.60	-9.05	-8.45	-11.82	-9.93	-5.78	-7.55				
Prices:											
40-lb feeder pig (So. Missouri) \$/head	28.30	30.95	27.99	29.17	35.25	34.18	39.55	34.74	34.24	28.85	26.06
Corn \$/bu 3/ Protein supp. (38-42%) \$/cwt 4/ Labor & management \$/hr 5/ Interest rate (annual)	2.58	2.54	2.50	2.50	2.56	2.58	2.60	2.56	2.59	2.51	2.40
Transportation rate (\$/cwt 100 miles) 6/ Marketing expenses (\$/cwt) 7/ Index of prices paid by farmers (1910-14=100)	19.45	18.40	18.40	18.40	17.85	17.85	17.85	16.95	16.95	16.95	17.15
	9.32	9.70	9.70	9.70	10.36	10.36	10.36	9.92	9.92	9.92	9.92
	11.17	11.62	11.62	11.62	11.91	11.91	11.91	12.47	12.47	12.47	12.36
	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
	1180	1193	1193	1193	1207	1207	1207	1220	1220	1220	1226

1/ Although a majority of operations in the Corn Belt are from farrow-to-finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market.

U.S. Pork Trade

Pork Imports Continue Below 1988

U.S. pork imports continue below last year's levels. For the first half of 1989, imports equaled 498 million pounds, compared with 597 million a year earlier. Pork shipments from Canada and Denmark have declined 12 and 33 percent. Although these declines have been offset slightly by increased imports from Poland and Yugoslavia, total pork imports for 1989 should total about 1 billion pounds, carcass weight.

Canadian hog numbers on April 1 were 2 percent below 1988 as low prices in 1988 and early 1989 encouraged herd liquidation. Production is expected to decline in the second half of the year, offsetting increased first-half production and keeping production for the year virtually unchanged. However, increased domestic demand appears to be siphoning pork out of the export market. Although Canadian exports to Japan and other destinations have increased, U.S. imports of Canadian pork for the first half of the year totaled 254 million pounds. Agriculture Canada forecasts pork exports to all destinations for 1989 to be approximately 13 percent below 1988 levels.

Live hog imports have leveled off over the past several months, but imports for the first half of the year remained 91 percent above the same period in 1988.

On July 18, the U.S. Commerce Department upheld its subsidy determination on imports of Canadian fresh, chilled, and frozen pork and raised the deposit rate to 8 Canadian cents per kilogram (about 3 U.S. cents per pound at current exchange rates). The U.S. International Trade Commission is expected to hold its final vote on injury around Labor Day. The Canadians may appeal either or both final rulings to the Binational Dispute Settlement Panel but the appeals must be filed within 30 days of the ruling.

Table 27--U.S. pork trade, carcass weight 1/

Country or area	Annual 1988	January-June		
		1988	1989	Percent change
		Million pounds		Percent
Imports				
Canada	508.8	287.5	253.7	-11.7
Denmark	326.5	155.1	104.5	-32.7
Poland	128.6	66.0	67.8	2.7
Hungary	44.2	22.4	14.7	-34.1
Other	129.1	66.5	57.6	-13.4
Total	1,137.2	597.4	448.3	-16.6
Exports				
Japan	121.2	59.4	64.9	9.2
Canada	8.8	4.1	5.5	36.8
Mexico	34.9	7.7	34.1	342.0
Caribbean	10.8	4.1	6.3	52.2
Other	19.5	10.0	10.4	4.8
Total	195.2	85.3	121.2	42.2

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

Table 28--U.S. live hogs trade 1/

Country or area	Annual 1988	January-June		
		1988	1989	Percent Change
		1,000 head		Percent
Imports				
Mexico	.6	.6	0	--
Canada	835.1	325.3	620.8	90.9
Total	835.9	325.9	621.2	90.6
Exports				
Venezuela	2.5	1.5	3.1	111.0
Mexico	84.4	.8	64.9	7,853.8
Other	4.3	1.9	3.8	99.3
Total	91.3	4.2	71.8	1,608.6

1/ May not add due to rounding. Percent change calculated from unrounded data.

Although EC pork production continues to decline in 1989, high internal pork prices have encouraged Danish producers to begin expanding herd size. Danish hog numbers on March 31 were 3 percent above a year ago. However, Danish production is not expected to increase significantly relative to last year, and increased demand in both the EC and Japan could keep U.S. imports of Danish pork below 1988. For the first half of the year imports of Danish pork equaled 105 million pounds.

Canadian production is expected to be reduced further in 1990 and with the expected small increase in Danish production, U.S. pork imports are expected to increase slightly to just over 1 billion pounds. The potential for increased Danish exports to the United States as a result of increased supplies will be offset by heightened Japanese import demand and the potential for continued EC demand through mid-1990.

Pork Exports Remain Strong

U.S. pork exports remained strong through the first half of 1989, equaling 121 million pounds or 42 percent above last year. Both the Japanese and Mexican markets have shown exceptional strength. While the Japanese market is expected to maintain its current buying patterns, the future is much less certain for exports to Mexico. On July 11, the Mexican Government doubled the tariff on imports of live hogs and pork to 20 percent. Although it is too early to determine the effect of this tariff, U.S. pork exports to Mexico could fall from the levels of late 1988 and early 1989. Live hog exports to Mexico remain at significantly lower levels following the March 8 requirement that hogs shipped to Mexico be certified as vaccinated for hog cholera. Although the United States has protested this requirement, it is still in effect.

Japan remains the major destination for U.S. pork exports and could become stronger later in the year. Japanese imports are expected to increase and in the face of reduced Taiwanese production and the modest change in Danish production, the United States could fill the void. Pork exports

to Japan equaled 65 million pounds during the first half of the year and could remain at or above last year's levels for the remainder of 1989.

Overall pork exports in 1989 are expected to be about equal to last year. However, reduced exports to Mexico could lower overall exports in 1990 about 12 percent from this year despite increased Japanese imports.

Poultry & Eggs

Broilers

Broiler Prices Weaken

Broiler prices in July fell below 1988 levels for the first time in 1989. The 12-city composite wholesale broiler price averaged 62 cents per pound, down from 66 cents in July 1988. The weakening in prices reflects increased production and an apparent slowing in the stock accumulation by fast food restaurants that occurred earlier in the spring as some restaurants prepared to introduce new chicken products. Restaurants continue to buy large quantities of chicken to fill normal marketing and promotional requirements.

Broiler Expansion Continues

Broiler production for all of 1989 is expected to increase about 6 percent. Ready-to-cook production during the first half of 1989, at 8.5 billion pounds, was 5 percent above a year earlier. Production in the second half of 1989 is expected to increase 7-8 percent. Average slaughter weights during the summer appear to be above a year ago, probably reflecting cooler and more favorable growing conditions, plus actions by some producers to raise larger birds for greater white meat yields. Average liveweight in July based on weekly slaughter data was 4.24 pounds, up from 4.16 pounds a year ago. These heavier weights appear to be continuing in August.

Expectations of continued production expansion are supported by increases in egg sets and chick placements for July and August, and by increases in the hatching egg supply flock. Weekly eggs set in July and in the first half of August were running 6-8 percent ahead of last year, while chicks placed were 8-10 percent above a year earlier. The hatching egg supply flock on July 1 was 3 percent larger than a year earlier.

Net Returns Remain Positive

Profitability in the broiler industry is expected to continue through 1989. Except for short periods in late 1987 and early 1988 broiler production has been profitable since 1983. Net returns during the second quarter of this year averaged 17 cents per pound, compared with 10 cents a year earlier.

Table 29--Federally inspected young chicken slaughter, 1987-89

Year	Number	Average weight	Live-weight	Certified RTC
	Million		Pounds - Million pounds -	
1987:				
I	1,188	4.33	5,149	3,735
II	1,252	4.29	5,365	3,907
III	1,302	4.20	5,470	3,966
IV	1,230	4.35	5,355	3,895
Year	4,971	4.29	21,333	15,502
1988:				
I	1,267	4.35	5,511	3,996
II	1,303	4.30	5,611	4,079
III	1,316	4.19	5,530	4,035
IV	1,272	4.36	5,555	4,015
Year	5,159	4.30	22,208	16,124
1989:				
I	1,310	4.35	5,697	4,133
II	1,390	4.32	6,017	4,378
III				
IV				
Year				

Returns during the third quarter are estimated to be 10-12 cents per pound, and for all of 1989 they are likely to be 8-12 cents per pound. This is based on an expected average wholesale price for broilers of 60-62 cents per pound and average costs of production of 49-51 cents per pound, ready to cook. Continued profitability will support and encourage expanded production in 1990.

Production Growth To Continue in 1990

Broiler production for 1990 is estimated to be between 7 and 8 percent above 1989. Expectations of continued strong broiler prices and moderate prices for grains and protein suggest continued profitability, despite large production.

Continued growth in production is supported by cumulative broiler pullet placements in the broiler hatchery supply flocks 7 to 14 months earlier. The pullets placed during June are assumed to be laying at full capacity by January 1990. June placements were 8 percent above a year earlier. The January 1990 broiler hatchery supply flock is expected to be 4 percent above a year ago.

Expanded production implies per capita broiler consumption of about 70 pounds, compared with an estimated 65 pounds in 1989. Per capita consumption of red meats is expected to be about 2 pounds below 1989. The broiler meat share of total per capita meat consumption is expected to increase slightly from 30 percent in 1989.

Prices during 1990 are expected to be below those in 1989, averaging 49-55 cents per pound. First-quarter prices, at 50-56 cents per pound, would be down slightly from the fourth quarter of 1989 and below the 59-cent average a year earlier.

Table 30--Broilers: Eggs set and chicks placed weekly in 15 commercial States, 1988-89 1/

Period 2/ Month and from day 2/	Eggs set			Chicks placed			Change
	Change from						
	1988	1989	previous year	1988	1989	previous year	
	- - - Thousands	- - -	Percent	- - - Thousands	- - -	Percent	
January:							
7	120,343	123,924	3.0	97,828	96,455	-1.4	
14	119,110	120,196	0.9	96,217	98,766	2.6	
21	117,221	123,060	5.0	95,821	99,037	3.4	
28	116,189	124,909	7.5	95,485	98,472	3.1	
February:							
4	120,360	125,503	4.3	94,646	95,785	1.2	
11	121,008	126,105	4.2	92,688	97,428	5.1	
18	122,182	126,909	3.9	91,743	99,542	8.5	
25	123,274	127,505	3.4	95,904	101,011	5.3	
March:							
4	122,655	127,649	4.1	96,675	100,500	4.0	
11	122,548	128,064	4.5	98,042	100,464	2.5	
18	122,294	128,159	4.8	98,992	102,085	3.1	
25	120,499	127,530	5.8	98,633	102,691	4.1	
April:							
1	123,171	129,919	5.5	98,344	102,082	3.8	
8	121,617	130,910	7.6	99,206	101,730	2.5	
15	122,862	130,855	6.5	96,838	102,758	6.1	
22	121,565	131,202	7.9	98,733	103,511	4.8	
29	120,460	130,666	8.5	98,592	104,674	6.2	
May:							
6	121,812	130,518	7.2	99,303	105,459	6.2	
13	122,619	131,217	7.0	98,793	105,331	6.6	
20	122,293	132,663	8.5	96,985	105,140	8.4	
27	123,435	132,044	7.0	97,893	105,636	7.9	
June:							
3	123,014	133,164	8.3	98,610	105,667	7.2	
10	124,321	133,169	7.1	98,459	106,159	7.8	
17	123,365	132,761	7.6	99,710	105,478	5.8	
24	122,384	132,529	8.3	98,698	107,043	8.5	
July:							
1	114,282	123,627	8.2	100,225	106,540	6.3	
8	120,811	128,514	6.4	99,702	106,449	6.8	
15	121,312	128,997	6.3	98,092	106,589	8.7	
22	121,136	129,885	7.2	89,723	99,736	11.2	
29	121,960	128,993	5.8	96,510	103,718	7.5	
August:							
5	121,325	127,936	5.5	96,789	103,062	6.5	
12	122,939	129,120	5.0	97,200	102,699	5.6	

1/ 15 States: Ala., Ark., Calif., Del., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tenn., Tex., Va., and W. Va.
 2/ Weeks in 1989 and corresponding weeks in 1988.

Table 31--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1987-89

Month	Broiler-type chicks			Pullet chicks placed in broiler hatchery supply flocks						
				Monthly placements			Cumulative placements 7-14 months earlier			
	1987	1988	1989	1987	1988	1989	1987	1988	1989	1990
	Thousands									
January	439,442	468,333	481,284	4,077	3,389	3,820	29,039	33,028	31,691	32,889
February	405,252	432,813	442,816	3,699	4,038	3,963	29,427	33,254	31,539	
March	456,081	483,353	502,466	4,111	4,538	4,396	29,523	32,805	31,470	
April	455,679	464,386	493,503	4,713	3,831	4,195	29,722	32,185	32,043	
May	473,827	487,027	522,896	4,055	4,197	4,439	30,148	32,612	32,136	
June	461,421	473,782	509,837	4,181	3,818	4,330	30,242	32,264	31,194	
July	463,321	473,394		3,995	3,611		30,603	31,668	31,513	
August	455,676	479,734		3,974	4,048		30,742	31,002	31,136	
September	433,769	455,183		3,457	3,962		30,926	30,859	30,859	
October	441,893	456,819		4,126	4,131		31,365	31,402	31,402	
November	423,147	437,967		3,763	3,596		32,232	31,259	31,259	
December	469,720	488,248		4,117	4,150		32,693	31,999	32,690	

Turkeys

After declining for three consecutive quarters, turkey production in the second quarter of 1989 increased to 1.01 billion pounds, 3 percent above a year earlier. The resumption of production increases, however, coincided with lower consumption than in the second quarter of 1988. In the face of increased production and with even larger increases anticipated for later in the year, turkey prices dropped in early July after reaching high levels in the second quarter.

Sharp Production Increases Underway

Unlike last year, when production began slowing in the third quarter, turkey production is projected to realize year-to-year

growth of about 7 percent during the third quarter of 1989 and about 11 percent in the fourth. For 1989 overall, output may be up about 4 to 5 percent from 1988.

Net returns became positive during May and June and feed costs showed increased probability of declining during the rest of the year. Producers responded by increasing poult placements during May, June, and July by 12 percent above a year earlier. However, future production intentions could be moderated by the extent and duration of the drop in wholesale turkey prices that started during the second week of July. Net returns in July remained slightly positive. Further price drops would result in low net returns.

Table 32--Estimated costs and returns, 1988-89 1/

Year	Production costs		Wholesale		Net returns
	Feed	Total	Total costs 2/	Price 3/	

Market eggs (cents/doz.)					
1988:					
I	26.1	44.3	64.8	57.1	-7.8
II	27.1	45.3	65.8	54.6	-11.2
III	34.1	52.3	72.8	73.6	0.7
IV	33.5	51.7	72.2	70.4	-1.8
Year 4/	30.2	48.4	68.9	63.9	-5.0
1989:					
I 5/	32.8	51.0	71.5	82.9	11.3
II	32.2	50.4	70.9	76.1	5.2
III					
IV					
Year 4/					
Broilers (cents/lb.)					
1988:					
I	15.4	23.4	45.6	45.7	0.1
II	15.3	23.3	45.5	55.7	10.2
III	19.0	27.0	50.4	66.1	15.6
IV	19.7	27.7	51.4	57.2	5.8
Year 4/	17.3	25.3	48.2	56.2	8.0
1989:					
I 5/	19.1	27.1	50.5	59.5	8.9
II	18.6	26.6	49.9	67.3	17.4
III					
IV					
Year 4/					
Turkeys (cents/lb.)					
1988:					
I	21.9	35.6	60.8	47.6	-13.2
II	22.0	35.7	60.9	51.4	-9.5
III	25.4	39.1	65.2	72.5	7.3
IV	28.6	42.3	69.2	73.0	3.8
Year 4/	24.7	38.4	64.3	61.8	-2.2
1989:					
I 5/	27.9	41.6	68.3	61.6	-6.7
II	27.5	41.2	67.8	71.3	3.5
III					
IV					
Year 4/					

1/ Costs and prices are weighted by monthly production.
 2/ Based on farm cost converted to wholesale market value.
 3/ Wholesale prices used are the 12-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 14-22 lb. toms in Central, Western, and Eastern Regions. 4/ Weighted average.

Table 33--Young chicken prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Avg.
Cents/lb.													
Farm price 1/:													
1986	30.6	29.2	29.7	29.5	32.2	35.4	42.7	43.9	36.5	39.3	34.9	30.4	34.5
1987	31.0	30.0	29.0	29.2	29.9	27.6	27.6	31.7	27.8	25.1	26.3	24.6	28.3
1988	27.1	25.7	27.5	28.0	33.5	36.7	42.1	41.9	39.2	37.5	35.0	35.5	34.1
1989	35.3	35.2	38.7	38.9	45.2	42.6							
Wholesale RTC													
12-city avg. 2/:													
1986	51.7	49.0	50.3	50.0	54.6	58.3	69.1	69.7	61.0	61.6	57.5	50.0	56.9
1987	51.8	49.8	48.5	48.6	50.5	45.5	47.0	52.6	46.4	43.2	44.6	39.8	47.4
1988	43.9	44.9	48.1	48.7	56.6	61.5	66.5	68.9	62.8	57.7	57.1	58.8	56.3
1989	58.0	58.1	62.1	63.5	70.4	67.4	62.0						
U.S. avg.													
retail price:													
1986	76.6	77.1	76.7	75.2	76.9	79.5	88.9	95.8	91.0	90.0	87.8	86.5	83.5
1987	82.1	83.2	80.4	79.2	78.2	77.1	75.5	78.5	79.3	79.1	75.6	73.6	78.5
1988	74.0	74.5	75.3	76.0	79.6	86.8	93.7	96.1	97.5	93.2	89.2	88.5	85.4
1989	90.5	89.9	91.3	93.2	96.1	98.2							
Price spreads													
retail-to-cons.:													
1986	19.5	21.8	21.0	19.2	16.3	15.5	16.4	20.0	21.6	20.5	22.6	30.0	20.4
1987	24.3	26.8	25.2	25.3	21.2	18.7	21.2	20.2	33.1	30.2	25.2	26.1	24.8
1988	23.7	24.4	21.6	20.5	16.5	18.0	22.8	21.9	29.9	28.8	26.7	24.0	23.2
1989	27.3	28.6	24.9	29.4	20.2	25.1							
1982-84 = 100													
Retail pr. index													
wh. chickens:													
1986	105.0	105.6	106.0	103.9	106.1	109.8	121.9	132.3	125.5	124.9	123.0	121.0	115.4
1987	119.5	118.7	115.2	113.1	112.9	111.6	109.9	113.9	114.6	113.0	109.2	107.7	113.3
1988	107.9	109.5	110.3	111.6	117.4	125.9	137.4	140.1	142.0	136.0	131.7	131.0	125.1
1989	133.7	133.2	135.6	138.0	142.9	144.7							

1/ Liveweight. 2/ 12-city composite weighted average.

Turkey production in 1990 is expected to increase about 7 percent with the largest increases during the first half. First quarter production is expected to increase 12 percent. Poultry placements continued at a high rate in July and eggs in incubators on August 1 were 21 percent above a year earlier. Substantial reductions in feed prices, possibly averaging about 25 percent less by summer 1990, are expected to encourage production increases despite anticipated lower market prices in 1990.

Prices Weakened In July

Wholesale Eastern region hen turkey prices are expected to average 65-69 cents in 1989. Hen turkey prices reached 73 cents per pound in June after rising for 5 consecutive months. During the second week of July, however, hen prices fell to 65 cents. Prospects of large increases in production during the second half brought prices down.

Although production during the first half was the same as a year earlier, stocks increased to a relatively high 453 million pounds by June 30, about the same as last year. This stock increase indicates that after a flat first quarter, per capita consumption dropped slightly during the second quarter compared with a year ago. Availability of pork at the lowest prices in 2 years likely played a role in the reduced turkey consumption.

Table 34--Federally inspected turkey slaughter, 1987-89

Year	Number	Average weight	Live-weight	Certified RTC
	Million	Pounds	- Million pounds -	
1987				
I	40.9	20.7	846.7	670.1
II	55.4	19.7	1,090.8	864.9
III	69.9	19.9	1,390.7	1,100.1
IV	64.8	21.1	1,365.5	1,081.9
Year	231.1	20.3	4,693.7	3,717.1
1988				
I	50.3	21.0	1,054.0	836.6
II	60.0	20.6	1,236.3	981.1
III	65.7	20.4	1,343.3	1,065.6
IV	61.4	21.4	1,314.2	1,040.1
Year	237.4	20.8	4,947.7	3,923.4
1989				
I	49.7	21.2	1,012.0	803.5
II	61.6	20.7	1,274.8	1,010.6
III				
IV				
Year				

Table 35--Turkey hatchery operations, 1986-89 1/

Total turkeys placed 2/			Eggs in incubators first of month, changes from previous year			
1986-87	1987-88 3/	1988-89	1986-87	1987-88	1988-89	
- - Thousands - -			- - - Percent - - -			
Sept.	13,620	15,024	15,725	18	16	7
Oct.	14,135	16,743	16,821	17	18	5
Nov.	13,836	17,714	18,413	11	21	4
Dec.	17,705	19,956	20,444	18	15	6
Jan.	21,646	22,315	23,149	27	10	4
Feb.	21,265	23,100	23,675	14	8	6
Mar.	25,401	25,101	26,892	19	4	5
Apr.	26,703	24,718	26,366	17	-1	6
May	26,623	25,559	28,647	16	-5	9
June	27,265	26,075	29,098	15	-3	13
July	25,999	23,677		19	-5	15
Aug.	19,889	19,458		22	-5	

1/ Breakdown by breed not shown to avoid disclosing individual operations. 2/ Excludes exported poults. 3/ Includes revised calendar year 1987 numbers.

Prices again weakened slightly in early August, and Eastern region hen prices may average 65-67 cents during the third quarter. Wholesale prices are estimated to strengthen seasonally in the fourth quarter and to average 66-70 cents as additional turkey may be needed to fill holiday needs, but ample supplies of turkey and ham may moderate the price rise. Prices will partially depend on how much turkey moved into consumption following the price breaks. Retail prices for

frozen whole turkey averaged \$1.05 a pound in July, up from \$1.01 in June and \$0.96 in July of 1988. They may have weakened in August.

Prices are forecast to be about 57-63 cents for first-quarter 1990, and 58-64 cents for all of 1990.

Table 36--Turkey prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Cents/lb.													
Farm price 1/:													
1986	35.6	36.3	36.9	38.1	40.9	45.9	49.3	50.9	51.4	53.0	51.5	43.0	44.4
1987	35.1	35.8	35.7	36.3	35.5	34.1	33.5	32.1	31.3	30.2	34.0	38.4	34.3
1988	31.8	29.0	28.2	28.4	29.7	31.6	39.4	41.6	45.7	47.8	47.6	37.6	36.5
1989	35.4	38.3	40.0	42.3	43.4	44.0							
New York, hens, 8-16 lbs 2/:													
1986	60.3	61.7	63.9	64.6	67.1	73.8	77.9	80.5	81.2	83.2	80.7	71.1	72.2
1987	55.3	58.5	60.3	58.3	55.3	55.7	56.3	56.1	56.1	54.7	60.7	66.5	57.8
1988	52.8	47.1	47.0	46.9	49.2	57.1	70.8	70.5	76.0	79.6	76.0	61.6	61.2
1989	59.0	62.2	65.7	68.3	72.1	73.0	66.4						
4-region average retail price, wholebirds:													
1986	106.3	107.8	104.8	104.2	103.4	102.3	105.6	109.5	111.9	112.9	108.1	102.1	106.6
1987	103.6	103.2	103.0	100.4	102.8	105.1	105.8	105.1	103.3	102.6	90.0	89.3	101.2
1988	93.1	92.9	91.0	89.4	92.9	92.9	96.0	99.5	100.6	104.0	99.2	97.1	95.7
1989	97.4	96.8	97.6	98.3	100.1	101.3							
Price spreads, retail-to-consumer:													
1986	33.7	36.7	32.5	31.3	27.1	19.0	19.3	19.5	21.7	20.2	16.2	21.8	24.9
1987	39.8	37.4	35.4	33.4	37.3	40.1	41.1	41.8	39.0	38.3	22.0	13.5	34.9
1988	29.8	35.0	33.4	33.0	35.1	24.6	23.7	21.0	17.3	16.5	14.7	26.7	25.9
1989	29.8	29.9	25.7	23.2	20.7	20.7							
1982-84 = 100													
Consumer pr. index 3/:													
1986	111.6	112.5	111.1	109.7	110.5	109.8	110.9	111.7	114.5	117.1	113.9	112.3	112.1
1987	113.3	111.6	112.0	109.6	111.6	111.8	112.1	111.6	109.4	109.2	103.5	103.9	110.0
1988	107.7	107.2	107.2	107.5	108.3	109.3	109.8	112.4	114.2	115.5	113.1	113.3	110.5
1989	114.2	116.3	118.7	121.5	123.2	124.1							

1/ Liveweight. 2/ Wholesale, ready-to-cook. 3/ Other poultry CPI.

Eggs

Total Egg Production Down

Total egg production in 1989, of which about 87 percent is table eggs, is expected to be down about 2 percent from a year earlier. Third-quarter production is estimated at 1,405 million dozen, down 1 percent. Production increases in the fourth quarter are expected to raise production to 1 percent above 1988 levels. For 1990, production is projected to rise about 2 percent. First-quarter 1990 production will be between 1 and 2 percent above a year earlier, reflecting a rebuilding of the table egg flock and continued expansion in the broiler hatchery supply flock.

Table 37--Layers on farms and eggs produced, 1988-89 1/

Quarters	Number of layers		Eggs per layer		Eggs produced	
	1988	1989 2/	1988	1989 2/	1988	1989 2/
- Million - - Number - Million dozen						
I	285	271	62.2	61.5	1,477.6	1,393.2
II	277	268	63.4	63.4	1,467.1	1,416.7
III	271		62.9		1,419.7	
IV	275		62.2		1,425.6	
Annual	277		250.7		5,789.7	

1/ Marketing year beginning December 1. 2/ Preliminary.

Table Egg Production Declines

Table egg production during the second quarter was down 3 percent from a year earlier. June production declined 2 percent. The table egg flock on July 1 was approximately 3 percent below a year earlier, at 227 million hens, and the rate of lay per 100 layers was 1 percent higher. Table egg production during the third quarter is expected to be 2 percent below a year earlier. Increases expected in the fourth quarter will boost production to about the same level as in 1988.

There are indications that the table egg flock is beginning to expand. The average monthly flock size through June 1989 was 3 percent below a year earlier. However, the average laying flock size started out the year at 96 percent of year-earlier levels and has been climbing steadily. In June it was 98 percent of the year earlier.

Another indicator of expansion is a 17-percent increase in the table egg-type eggs in incubators on July 1 compared with a year ago. Also, chicks hatched during June were 5 percent above a year earlier. This compares with a January-June decrease of 1 percent.

Table 38--Force moltings and light-type hen slaughter, 1987-89

Month	Force molted layers						Light-type hens slaughtered under Federal inspection 1/ (Number)		
	Being molted			Molt completed			1987	1988	1989
	1987 2/	1988 2/	1989 3/	1987 2/	1988 2/	1989 3/			
	Percent								
January	4.2	3.8	4.0	20.9	20.8	23.3	13,002	13,574	12,136
February	4.6	5.0	4.9	19.1	20.3	21.5	13,342	14,647	11,908
March	3.8	3.7	4.3	20.1	20.5	21.7	13,450	15,312	13,645
April	2.8	3.9	3.9	19.6	19.3	21.5	14,428	15,034	10,528
May	5.4	5.9	5.3	18.8	18.6	21.4	12,870	14,115	11,868
June	6.4	7.6	5.6	18.5	19.9	21.7	13,791	13,158	10,316
July	4.7	6.1	4.8	20.5	21.2	21.6	12,364	8,601	
August	4.9	4.7		21.0	22.1		12,496	10,555	
September	5.3	4.3		21.7	22.4		10,813	9,119	
October	4.9	4.5		21.3	22.3		12,037	10,426	
November	4.2	3.9		21.4	22.6		11,389	11,374	
December	3.4	3.5		22.4	24.1		15,938	13,694	

1/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service. 2/ Percent of hens and pullets of laying age in 15 selected States. 3/ Percent of hens and pullets of laying age in 20 selected states.

Table 39--Egg-type chick hatchery operations, 1987-1989

Month	Hatch			Eggs in incubators first of month, changes from previous year		
	1987	1988	1989	1987	1988	1989
	Thousands	Thousands	Thousands	Percent	Percent	Percent
Jan.	34,156	29,274	26,614	5	-4	-20
Feb.	35,815	28,433	27,191	4	-24	2
Mar.	41,708	35,615	32,723	5	-17	-15
Apr.	42,356	34,749	35,942	-2	-17	2
May	40,858	35,984	38,254	1	-16	5
June	37,256	33,049	34,707	1	-7	-2
July	33,375	24,876		-4	-23	+17
Aug.	34,667	27,838		8	-24	
Sept.	31,800	30,918		4	-10	
Oct.	33,959	31,007		9	-13	
Nov.	30,593	29,425		10	1	
Dec.	31,242	27,181		-7	-11	

Egg Prices Moving Up

Wholesale egg prices remained fairly constant during the early summer, ranging in the mid-70 cents per dozen. However, they moved sharply higher in August, reaching the mid-80's in the third week. This compares with the high 50's in June 1988, followed by increases to 70 cents per dozen in July and August. The price strength reflects relatively tight supplies, coupled with the purchase of 500,000 cases of eggs by Mexico, for delivery in September, October, and November. The current price strength provides incentives for expansion.

As egg producers expand table egg production, prices are likely to average in the mid-70 cents per dozen for the remainder of the year, but then decline in 1990 as production increases. For the third quarter of 1989, prices are expected to average 80-82 cents per dozen, 7-8 cents above a year earlier. Fourth-quarter prices are expected to be 68-72 cents per

dozen, compared with 67 cents in the fourth quarter of 1988. For all of 1989 prices are expected to average 75-77 cents per dozen. The 1990 outlook calls for egg prices to be below 1989 levels but above those of 1988. Prices are expected to average 62-68 cents per dozen for the year, with the highest prices in the first quarter at 65-71 cents per dozen.

Net Returns Expected To Remain Strong

Net returns to egg producers were positive for the first half of the year, and are expected to remain so for the second half of the year. The last time returns were positive for all four quarters of the calendar year was 1976. Net returns were around 11 cents per dozen in the first quarter, but declined seasonally to 5 cents per dozen in the second quarter. If third quarter and fourth quarter egg price and feed cost estimates are realized, net returns in the third quarter and fourth quarters could be around 11-12 cents and 7-9 cents per dozen, respectively.

Table 40--Egg prices and price spreads, 1986-89

Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Avg.
Cents/doz.													
Farm price 1/:													
1986	58.3	54.0	61.4	49.2	48.8	42.1	51.9	55.3	55.4	50.3	60.0	57.9	53.7
1987	51.7	50.1	46.0	45.8	39.5	40.3	40.8	40.5	49.7	40.9	45.4	38.8	44.1
1988	39.7	37.6	41.2	36.0	32.9	36.5	49.4	50.4	56.4	51.0	51.9	52.4	44.6
1989	56.2	53.7	74.5	58.1	54.3	55.6							
New York (cartoned)													
Grade A, large 2/:													
1986	73.3	68.3	80.8	65.7	65.2	59.2	73.0	72.8	72.6	69.6	77.2	75.5	71.1
1987	67.1	65.2	62.0	62.4	55.6	58.7	59.1	63.2	68.3	60.2	60.5	56.9	61.6
1988	55.9	52.7	56.4	52.1	50.9	56.8	73.6	69.5	75.6	66.0	65.3	70.4	62.1
1989	72.0	74.8	92.7	76.6	73.7	75.4	76.6						
4-Region average, Grade A, large retail price													
1986	90.1	86.6	88.7	89.0	82.0	79.5	83.3	91.3	86.8	85.5	89.7	91.0	87.0
1987	86.2	82.3	80.0	78.6	76.3	71.1	76.3	73.0	83.7	77.8	80.5	73.1	78.3
1988	76.0	71.8	74.0	71.9	67.8	70.5	80.3	90.9	87.4	89.6	83.9	83.3	79.0
1989	94.1	89.0	103.1	99.7	95.6	93.7							
Price spreads, retail-to-consumer:													
1986	14.9	17.2	10.0	21.9	16.8	20.5	12.1	18.8	14.3	15.4	11.7	14.4	15.7
1987	17.4	14.5	16.5	15.3	20.8	12.7	16.4	15.7	13.6	18.4	18.4	15.4	16.3
1988	19.0	18.2	14.9	20.0	16.5	13.0	7.0	20.5	11.2	22.0	16.0	10.1	15.7
1989	18.2	18.6	10.2	23.1	21.2	17.2							

1982-84 = 100

Consumer pr.

index:													
1986	101.5	97.4	99.6	98.5	90.7	87.1	91.4	100.7	97.1	97.2	102.2	103.7	97.3
1987	100.8	97.8	93.9	91.1	88.5	84.1	87.8	85.8	97.6	91.4	93.9	85.5	91.5
1988	90.1	85.5	87.9	85.0	81.8	83.6	95.1	104.2	103.1	105.5	101.2	99.6	93.6
1989	112.0	106.1	122.9	117.6	112.6	110.6							

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982. 2/ Price to volume buyers.

Table 41--Shell eggs broken and egg products produced under Federal inspection, 1987-89

Period	Shell eggs broken Thou. doz.	Egg products produced 1/		
		Liquid 2/	Frozen	Dried
		Thou. lbs.	Thou. lbs.	Thou. lbs.
1988:				
January	74,629	24,055	26,050	8,973
February	75,240	24,470	26,412	8,649
March	81,978	27,153	28,412	7,712
April	78,725	26,516	28,209	9,487
May	88,485	29,635	33,072	10,226
June	93,003	30,076	37,251	9,034
July	80,170	25,572	30,347	7,903
August	90,302	30,412	31,675	9,178
September	79,125	27,888	30,565	7,327
October	79,071	27,803	30,198	7,589
November	80,261	28,622	31,507	8,455
December	75,407	26,566	34,113	8,198
Jan.-Dec.	976,395	328,768	367,811	102,731
1989:				
January	79,780	28,584	29,255	10,208
February	69,829	26,991	25,612	9,392
March	69,998	31,581	25,136	7,764
April	76,547	29,355	29,153	8,865
May	91,063	32,678	34,600	10,091
June	89,658	31,996	33,306	10,067
July				
August				
September				
October				
November				
December				
Jan-June	476,875	181,185	177,062	56,387
Percent change from 1988	-3.1	+11.9	-1.3	+4.3

1/ Includes ingredients added. All expressed in liquid egg equivalent. 2/ Liquid egg products produced for immediate consumption.

Hatching Egg Production Up

Production of broiler hatching eggs has increased throughout 1989, reflecting broiler industry expansion. Production during June was 2 percent above the same month a year ago. The hatching egg-type flock on July 1 was 3 percent greater. Hatching egg production for all of 1989 is expected to be about 4 percent above a year earlier. Hatching egg production is expected to continue expanding into 1990, to support the growth in the broiler industry. For the year, hatching egg production is projected to be 6 percent greater than in 1989.

U.S. Poultry Trade

Broiler Exports at Record Rate

U.S. broiler exports during January-June 1989, at 462 million pounds, were up about 31 percent from a year earlier. Exports were up to all six of the major buyers: Japan, Hong Kong, Mexico, Singapore, Jamaica, and Canada. Exports to Japan increased 42 percent, and its share of exports grew to 37 percent compared with 34 percent a year earlier. Exports were up 92 percent to Mexico and up 62 percent to Hong Kong.

Exports to most markets are expected to continue growing and for the year may total around 900 million pounds, up from 765 million in 1988.

Parts made up 96 percent of broiler exports through June compared with 86 percent a year earlier, and exports to Japan were 99 percent parts. Average export unit values at U.S. ports were 46 cents per pound for parts, contrasted to 57 cents for whole broilers during January-June 1989.

EEP Broiler Sales Low

The Export Enhancement Program (EEP) has not played a significant role in broiler exports since early 1988. For 1989, EEP sales through June were only about 2 million pounds. Two large importers under the EEP in early 1988, Egypt and Iraq, had no imports during January-June 1989. However, an EEP sale of 11 million pounds to Iraq was made in July for export during August-October 1989. The average bonus granted by USDA was about 28 cents per pound.

Both Iraq and Egypt are attempting to increase domestic production of broilers. Iraq's production increased in 1988 and is expected to increase again in 1989. Egypt's efforts at increasing production are being hindered by poor coordination and problems in policy implementation.

Turkey Exports Low

U.S. turkey exports during January-June 1989, at about 18 million pounds, were about 27 percent below a year earlier. Value was down about 10 percent, reflecting higher U.S. prices. Mexico, with a 31-percent share, has taken nearly four times as much turkey as a year earlier and exports have doubled to Canada. Mexican production is declining and output is up only about 1 percent in Canada, whose global import quota has increased under provisions of the U.S.-Canada Free Trade Agreement (FTA). Exports dropped notably to West Germany, Egypt, and Taiwan. Record U.S. prices in the second quarter have played a role in the decreased exports. Average export unit values through June, at 54 cents per pound, were 23 percent above a year earlier. In

Table 42--U.S. broiler exports to major importers, January-June 1988-1989

Country or area	1988	1989
1,000 lb.		
Japan	119,322	162,554
Hong Kong	52,552	85,071
Mexico	23,639	45,364
Singapore	31,620	35,514
Canada	19,932	31,584
Jamaica	24,166	31,241
French Polynesia	4,415	6,633
Netherlands Antilles	5,837	5,619
Antigua	2,948	4,150
Spain	5,074	3,914
St. Lucia	4,431	3,778
Kuwait	1,189	3,617
Other	58,227	36,194
Grand Total	353,352	462,233

May, wholesale drumstick prices, at 42 cents, were 92 percent above a year earlier and wings at 32 cents, were 128 percent higher.

Unlike broilers, whole turkey exports have increased due to large sales to Mexico. However, whole turkey still made up only 17 percent of total exports.

For 1989 overall, turkey exports should be aided by recent lower U.S. prices, but they are still expected to be down about 25 percent from 1988.

Table 43--U.S. turkey exports to major importers, January-June, 1988-1989

Country or area	1988	1989
1,000 lb.		
Mexico	1,508	5,432
Canada	1,031	2,130
Ivory Coast	962	1,513
Western Samoa	790	1,299
Hong Kong	1,020	1,164
Micronesia	355	748
Japan	1,672	645
Marshall Islands	496	489
France	0	389
Jamaica	276	329
St. Lucia	89	295
Other	16,260	3,351
Grand Total	24,459	17,784

Table 44--U.S. mature chicken exports to major importers, January-June 1988-1989

Country or area	1988	1989
1,000 lb.		
Mexico	966	2,303
Netherlands Antilles	132	1,828
St. Lucia	12	1,404
Canada	1,120	975
Antigua	66	500
St. Christ-Nevis	0	417
Japan	2,330	378
Dominica	0	363
Grenada	48	358
Bermuda	57	331
Jamaica	446	329
Other	5,166	1,055
Grand Total	10,343	10,241

Egg Exports Lower

Total U.S. egg exports, at about 45 million dozen during January-June 1989, were 34 percent below the same period a year earlier. With U.S. prices higher, however, value was down only about 27 percent. Exports declined to Japan and other leading markets, except Canada and the Caribbean. Although sales were also down sharply to Japan, it maintained a 44-percent share of U.S. exports with its egg product purchases.

Egg products made up 58 percent, hatching eggs 24 percent, and table eggs 18 percent of total U.S. egg exports. Japan took 76 percent of egg product exports, followed by Canada

with 5 percent. Canada accounted for about 40 percent of the hatching eggs exported.

Table egg exports were down 50 percent due mainly to reduced EEP sales. Even with the reduction, Hong Kong purchased 44 percent of the table egg exports. Sales were up to the Caribbean.

For 1989, exports are expected to be 20 percent below 1988. Canada has placed an import quota on broiler hatching eggs. Initially it will be based on average imports during 1984-1988. Continued relatively high U.S. egg prices restrain exports, while imports are sharply higher from the very low level of 1988 and are expected to be the highest since 1984. The outlook for U.S. table egg exports recently improved when a Mexican Government agency tendered for 15 million dozen to distribute through its stores. The export of this order would raise Mexican imports from the U.S. about 20

percent from last year and Mexico would account for some 20 percent of U.S. total egg exports, second to Japan.

Table 45--U.S. egg exports to major importers, January-June, 1988-1989 1/

Country or area	1988	1989
	1,000 dozen	
Japan	32,298	19,912
Canada	6,478	6,903
Hong Kong	6,966	3,697
Iraq	7,361	2,316
Mexico	2,682	2,256
Jamaica	1,134	1,983
Federal Rep of Germany	1,453	1,123
Haiti	401	938
United Kingdom	548	751
Thailand	6	672
Other	8,499	4,371
Grand Total	67,826	44,922

1/ Shell, and shell equivalent of egg products.

Sheep Industry Trends

by

Richard Stillman

Agricultural Economist

Abstract: The U.S. sheep inventory has declined from 49 million head in 1942 to 9 million in 1989. Lamb imports have also declined, although they do not appear to be a major cause of the sheep industry's problems. Production has declined despite positive returns to producers. Government payments under the wool program provide an important source of income for the sheep industry. In recent years, the industry has stabilized. Imports, which have followed the downward trend in domestic production, respond counter-cyclically to domestic price fluctuations. A major challenge to the industry is to expand consumption of lamb, a relatively expensive red meat. This study focuses on production of lamb and lamb products, returns in the sheep industry, demand and marketing trends for lamb, and imports of lamb meat and live animals.

Keywords: Sheep, lamb, mutton, imports, consumption, wool, production costs.

The long-term decline in the sheep industry since the mid-1940's has been due to shrinking consumer demand and fewer producers willing to raise sheep. As production declines and prices increase relative to other meats, lamb and mutton will continue to lose market share. These factors will continue to limit the sheep industry's ability to expand.

The U.S. sheep industry has begun expanding after reaching its most recent inventory low in 1986. The expansion may be curtailed much like the previous expansion was in 1983, by dry weather. Drought in the West, particularly west Texas, has caused increased slaughter of the base breeding flock. This comes at a time when sheep production has been profitable and likely would have increased for several more years. This article examines some of the factors that have affected the development of the U.S. sheep industry and will determine its future direction.

Sheep Production Practices

The sheep industry has developed two distinctive enterprises: stock sheep production and lamb feeding. Stock sheep producers manage grazing flocks on pasture and range forage. Frequently these producers use arid land that has few alternative uses. Stock sheep producers sell lambs that are either slaughtered or placed in feedlots. In 1987, 31 percent of the stock sheep receipts came from slaughter lambs and 33 percent from feeder lambs. Wool, an important co-product, accounted for 27 percent of stock sheep receipts and cull ewes the remainder.

ERS cost and returns information indicates that stock sheep production has been profitable much more often than domestic cattle production, on an equivalent resource base. This indicates that sheep require higher returns than cattle to attract the intensity of management necessary in sheep production. Management and labor problems persist in the sheep industry because of sheep's susceptibility to disease and predators. Because sheep are excellent foragers in arid areas, tending them means a lonely existence that does not have wide appeal.

Feeder lambs are raised on forage until they reach around 80 pounds and then are usually sold and placed in a dry lot for grain feeding. Feedlot-finished lambs have grown as a percent of lambs slaughtered, due to the cost efficiency of grain feeding versus range finishing and uniformity of product.

Stock Sheep

Stock sheep, mature ewes and rams and their intended replacements in the breeding flock, are the productive capital of the sheep industry. Inventory data on stock sheep began in 1867 when there were approximately 45 million head. From 1867 to 1942, the number of stock sheep ranged from a peak of 51 million in 1884 to a trough of 33 million in 1923. The inventory peaked a second time in 1942 at 49 million head. Between 1942 and 1950, producers liquidated their herds and stock sheep numbers declined an unprecedented 47 percent, but remained stable during the 1950's. During a liquidation in the 1960's, inventories dropped another 40 percent, to 17 million head. The decline continued over the 1970's, to a low of 10.8 million head in 1979.

As the inventory begins to stabilize, it appears to be reentering a typical livestock cycle, which was masked by the longer term decline in sheep numbers. After 1979, the stock sheep inventory began to expand and in 1982 reached a peak of 11.4 million head. Then, primarily because of a drought that reduced the carrying capacity of ranges in the main producing areas in 1982-1984, the inventory declined to a low of 8.5 million head in 1986. The stock sheep inventory then rose through 1988, reaching 9.2 million head on January 1, 1989. Inventories appeared to be expanding in response to increased returns, until the recent dryness in the sheep producing regions. Even with this short term delay in inventory expansion, the stock sheep inventory is expected to cycle between 8 and 10 million head over the next few years.

Regional Location

The ability of sheep to forage in an arid environment has determined the regional distribution of sheep in the United States. Sheep production is primarily located in areas of the 17 Western States, where frequently few or no alternative enterprises are available.

About two-thirds of sheep operations also have cattle. Sheep eat a slightly different browse than cattle, but tend to compete with beef cattle production for labor and land resources. (A general way to compare the competition for range resources between sheep and cattle is a feed consuming animal unit (A.U.). An A.U. is defined as 1 cow or 5 sheep.)

In the West many sheep use Government grazing land, which is generally arid. About 30 to 40 percent of the sheep inventory in the 17 Western States uses either Bureau of Land Management or Forest Service land.

Production Problems

Because sheep are highly susceptible to disease and predators, sheep managers require well developed management skills. Sheep and lamb death losses are much higher than those for other livestock. Death losses of sheep and lambs in 1987 totaled 1.2 million head, or 12 percent of beginning inventory, divided between 505,000 sheep and 731,000 lambs. For the competing cattle enterprises, death losses were only 4.7 percent, consisting of 1.7 million cattle and 3.1 million calves.

There is little information available to allocate death losses among disease, predators, or other causes. Sheep are susceptible to parasites and generally have less resistance to disease and injury than other classes of livestock. Because of these problems, sheep production requires more labor per animal unit than the competing cattle enterprise. In the past, resident aliens as well as domestic workers have furnished labor. The ability to attract and keep skilled sheep herders at a reasonable wage is frequently mentioned as a major challenge to the sheep industry.

Although lamb and mutton production has declined since 1945, production of lamb has fallen less than inventories because of a trend toward heavier slaughter weights, reflecting genetic improvements and a larger proportion marketed as fed lambs. The heavier weights developed to offset some of the problems with labor shortages and predators by reducing the number of breeding ewes necessary to produce a pound of lamb and to take advantage of reasonable grain prices in lamb feeding.

Lamb Feeding

The American Sheep Producers Council estimates that 65 percent of all lambs slaughtered go through feedlots. The only information available on lamb feeding is a January 1 inventory number reported by the National Agricultural Statistics Service (NASS) of USDA. The number does not reflect the volume of lambs that go through feedlots, but it indicates trends in lamb feeding.

In 1900, only 7 percent of the sheep inventory was on feed on January 1. The largest number of lambs on feed, 7 million in 1943, was 14.4 percent of the inventory. In 1989, lambs on feed were 1.9 million head, but were 17 percent of the January 1 inventory of all sheep and lambs.

Lamb feeding is concentrated in the Great Plains and California. Cost considerations will continue to encourage lamb feeding. In finishing animals, grain feeding costs less per pound of gain than range feeding.

Lamb and Mutton Production

Sheep meat is called lamb or mutton, depending on the age of the animal. Lambs are generally slaughtered between 8 and 14 months of age. The Agricultural Marketing Service (AMS) of USDA sets grading standards for both lamb and mutton. Lamb meat is defined by the condition of the "break-joint" (on the fore leg of the animal) in addition to the color and characteristics of the rib bones (roundness for lamb and flatness for mutton), and the characteristics of the lean meat. Mutton is the meat from any sheep that is too old to classify as lamb. Mutton generally has been about 5 percent of production.

Since 1979, lamb meat production has appeared to follow a typical livestock cycle. Lamb production bottomed out in 1979 at 291 million pounds, then recovered to 379 million pounds in 1984. It bottomed out again in 1987 at 309 million pounds, resulting in the lowest per capita supplies on record. In 1988, production recovered to 329 million pounds, partly because of an increase in carcass weights of 3 pounds per animal. The cyclical turning point between 1987 and 1988 created a sharp contrast between high prices in 1987 and the drop-off in prices as production recovered in 1988.

Lamb Industry Infrastructure

As sheep and lamb slaughter has declined, the infrastructure of the sheep industry has consolidated. Higher marketing costs result as marketing activities for some operations increase because of low volume. Higher marketing costs also occur when units operate at less cost efficient levels, or if the area of procurement and distribution covered by these units increases. Higher procurement and transportation costs are generally borne by producers as the distance between sheep raising areas and slaughter plants increases. This has encouraged the location of slaughter plants in the feeding areas.

Wool

Wool receipts generally amount to 25 to 35 percent of stock sheep receipts. The largest proportion of the wool receipts are payments from a Government support program that has been in effect since 1954. Government payments for wool have helped improve the profitability of sheep production, likely slowing but not stopping the decline in the industry.

U.S. wool production has declined proportionally to the decline in the domestic sheep inventory. Unlike lamb production, production of wool has shown no significant gains per animal. The record domestic wool production was 338 million pounds in 1942. In 1988, U.S. wool output was 90.4 million pounds, less than one-fourth of the peak levels.

Wool Program

Domestic wool prices have been supported by various Government programs since 1938. The Agricultural Act of 1954 (Title VII) provided for the present wool and mohair support program, as renewed under each farm bill.

Actual payments to producers depend on the price they receive for their wool. USDA's Agricultural Stabilization and Conservation Service bases the payment rate for wool on the percentage that the support price is greater than the market price. For example, the support price for 1987 was \$1.81 per pound and the average price received by farmers was \$0.917. This resulted in a payment rate of 97.4 percent. A producer receiving \$3.00 a pound for his wool would receive \$2.92 per pound in payments, less a check-off fee for promotion. Payments to producers under the program in 1987 were \$65 million, less \$4 million for promotion.

Lamb and Mutton Consumption

Per capita lamb and mutton consumption peaked in 1945 at 7.3 pounds carcass weight, or 6.5 pounds retail weight, about 5 percent of red meat consumption. Lamb and mutton consumption reached a record low in 1987 at 1.3 pounds per person, retail weight. In 1988, consumption increased to an estimated 1.4 pounds, due mostly to domestic production increases.

Demand for Lamb

Like beef and pork consumption, lamb and mutton consumption as a percentage of total meat and poultry consumption has been declining. Lamb consumption has declined to less than 1 percent of red meat consumption and only 0.6 of total meat and poultry consumption.

Broiler and turkey consumption has increased over time due mainly to lower prices relative to beef, pork, and lamb. To a lesser extent, the poultry industry has gained market share by offering the public a product that is perceived to be lower in fat and cholesterol, and by advertising and developing new products. The sheep industry's challenge is to attract new consumers of a relatively expensive red meat, when red meats are losing market share to poultry. Gains for the lamb industry depend on increasing the consumer base. Even though lamb has been sold in the United States for many years, in a marketing context, it is a new product to most consumers.

World Sheep Production

The United States has a very small sheep industry compared to many other countries. In 1988, the United States ranked 13 among the major sheep producing countries, with an inventory of 10 million head. Australia was the largest at 165 million head, followed by the USSR. China had the third largest sheep population at approximately 108 million head. New Zealand was fourth at 64 million head.

As expected, many of the leading sheep producing countries are major wool producers. In the October 1987/September 1988 marketing year, Australia produced 917,000 metric tons of wool, almost twice the volume of the next largest producer, the USSR, at 477,000 metric tons. New Zealand ranked third with 355,000 metric tons, followed by China with 208,000 metric tons. The United States is the fourteenth largest wool producer.

Australian and New Zealand Sheep Production

As in the United States, sheep producers in Australia and New Zealand use sheep to harvest forage that might otherwise go unused.

Sheep in Australia graze on a large area of semi-arid land that is ideally suited to sheep production, much like parts of the Western United States. The major difference between the U.S. and Australian sheep industries is the Australian dependence on wool production. Wool is by far the major product and source of revenue for the Australian sheep industry.

Australian sheep producers tend to have multi-enterprise farms. Wool accounted for 66 percent of Australian sheep producers' receipts in 1986-87. During 1953-84 wool accounted for an average 41 percent of sheep farm receipts,

sheep sales accounted for 14 percent, wheat 26 percent, cattle 8.5 percent, and other crops 7.5 percent.

New Zealand's sheep industry differs from Australia's sheep industry to a great extent because of climatic differences. New Zealand has much more lush vegetation than Australia, and the New Zealanders use sheep to harvest this vegetation. The climatic differences have caused New Zealand producers to use different breeds of sheep. New Zealand uses meat-type sheep breeds that produce a coarser wool, hence producers rely more heavily on meat products for their livelihood.

New Zealand's sheep production is usually a joint enterprise with a cattle operation. Until 1985-86, sheep meat and wool returns were roughly equivalent. Subsequently, wool receipts remained steady or increased while sheep receipts dropped off. Part of the reason for the shipment of live sheep from New Zealand to the United States in 1988 is the low prices New Zealand producers have been receiving for their lambs.

Lamb Imports

Data separating lamb and mutton imports show that mutton was the prominent meat imported in the late 1960's and early 1970's. U.S. lamb imports in the late 1960's and early 1970's varied from as little as 12 million pounds in 1967 to 44 million in 1969. Lamb imports reached another peak in 1979 and have tended downward over the 1980's as domestic production expanded cyclically. The variation in lamb imports appears to depend on domestic prices; imports rise when cyclical declines in domestic production raise prices. Conversely, imports decline when domestic production is high and prices are low.

Lamb imports during the current production cycle have varied from a high of 16 percent of domestic consumption in 1979 to a low of 5 percent in 1983. Presently, lamb imports provide 9 to 10 percent of domestic consumption and are expected to remain in this range over the next several years.

Until 1987, New Zealand was the largest exporter of lamb to the United States; Australia has been the largest supplier since then. The switch was due in part to the imposition of a countervailing duty on New Zealand lamb by the International Trade Commission, due to New Zealand's agricultural policies.

Although the share of domestic consumption provided by imports has not changed in recent years, the composition of imports has shifted. Fresh product air-freighted to the United States from both Australia and New Zealand has been increasing as a proportion of imports. Through September of 1988, 60 percent of the Australian imports were fresh product. Of this fresh lamb, approximately 70 percent was

cuts and 30 percent carcasses. Through September of 1988 New Zealand had exported 15 percent of their product to the United States as fresh and 85 percent as frozen.

Conclusions

The decline in the U.S. sheep industry since World War II results from many factors that have compounded each other over time. The sheep industry has become a specialty industry and now makes up only 0.6 percent of total meat consumption. Unless there is a major change in the demand for lamb, which would raise returns and attract new producers, production likely will cycle around present levels in the foreseeable future.

Imports and domestic production of lamb have declined at about the same rate, indicating that the decline in the lamb industry is not a result of import penetration, but due mainly to a decline in consumer demand. Imports have been counter-cyclical, attracted into the United States when production declines lead to higher prices. An increasing proportion of lamb imports have been fresh product, particularly from Australia. The problem that the lamb industry faces is expanding consumption of a relatively expensive red meat in a market where poultry is capturing market share from all red meats, due to lower relative prices.

The sheep industry has benefited from Government programs. In 1987, 17 percent of stock sheep receipts were Government payments from the wool program. In many years the wool program has meant the difference between profits and losses for the domestic sheep industry.

As the infrastructure of the sheep industry shrinks, small-scale production and distribution tend to increase the costs of processing live animals into meat. Such costs are generally borne by both consumers and producers. The best way for the lamb industry to insure a profitable future would be to attract a broader customer base through promotion and consumer education.

However, the industry has adjusted to a long term decline unmatched by any other livestock sector. Producer returns have consistently been positive in recent years and marketing facilities and plants have been adjusted to gain economies of scale for a declining industry.

Reference

Stillman, Richard, Terry Crawford and Lorna Aldrich, "The U.S. Sheep Industry," *Report to Congress In Compliance with Section 4508 of the Omnibus Trade and Competitiveness Act of 1988*, ERS, USDA, March 1989.

List of Tables

	Page
1. Livestock, poultry, and egg production and price	4
2. Expenditures per person for red meat and poultry	5
3. Hay acreage, production, and stocks	6
4. 13-States cattle on feed, placements, marketings, and other disappearances	7
5. 7-States cattle on feed, placements, and marketings	7
6. Cattle on feed, placements, and marketings, 13 States	9
7. July 1 cattle inventory	10
8. Heifers entering cow herd January-June and July-December	10
9. July 1 feeder cattle supply	11
10. U.S. federally inspected cow slaughter by region, January-June	11
11. Calf slaughter by class under Federal inspection	11
12. Commercial calf slaughter and production	12
13. Commercial cattle slaughter and production	12
14. Federally inspected cattle slaughter	13
15. Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share	14
16. Corn Belt cattle feeding: Selected costs at current rates	15
17. Great Plains custom cattle feeding: Selected costs at current rates	16
18. U.S. live cattle trade	17
19. Imports of feeder cattle and calves and hogs from Canada and Mexico	18
20. U.S. beef and veal trade, carcass weight	18
21. Commercial sheep and lamb slaughter and production	19
22. Federal inspected hog slaughter	20
23. Pork: Retail, wholesale, and farm values, spreads, and farmers' share	21
24. Commercial hog slaughter and production	21
25. Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region	22
26. Corn Belt hog feeding: Selected costs at current rates	23
27. U.S. pork trade, carcass weight	24
28. U.S. live hogs trade	24
29. Federally inspected young chicken slaughter, 1987-89	25
30. Broilers: Eggs set and chicks placed weekly in 15 commercial States, 1988-89	26
31. Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1987-89	26
32. Estimated costs and returns, 1988-89	27
33. Young chicken prices and price spreads, 1986-89	28
34. Federally inspected turkey slaughter, 1987-89	28
35. Turkey hatchery operations, 1986-89	28
36. Turkey prices and price spreads, 1986-89	29
37. Layers on farms and eggs produced, 1988-89	29
38. Force moltings and light-type hen slaughter, 1987-89	30
39. Egg-type chick hatchery operations, 1987-1989	30
40. Egg prices and price spreads, 1986-89	31
41. Shell eggs broken and egg products produced under Federal inspection, 1987-89	31
42. U.S. broiler exports to major importers, January-June 1988-89	32
43. U.S. turkey exports to major importers, January-June, 1988-1989	32
44. U.S. mature chicken exports to major importers, January-June 1988-1989	32
45. U.S. egg exports to major importers, January-June 1988-1989	33
46. Average retail price per pound of specified meat cuts	39
47. Red meat supply and utilization, carcass and retail weight	40
48. Poultry supply and utilization	41
49. Total red meat and poultry supply and utilization, carcass and retail weight	42
50. Egg supply and utilization (population includes military)	42
51. Selected price statistics for meat animals and meat, 1988-89	43
52. Selected marketings, slaughter, stocks, and trade for meat animals and meat, 1988-89	45

Table 46--Average retail price per pound of specified meat cuts

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Dollars												
Choice Beef:												
Ground chuck												
1987	1.69	1.65	1.68	1.70	1.70	1.71	1.71	1.72	1.72	1.71	1.74	1.75
1988	1.74	1.74	1.75	1.74	1.74	1.77	1.75	1.74	1.77	1.78	1.81	1.79
1989	1.81	1.80	1.85	1.82	1.82	1.80	1.81					
Ground beef												
1987	1.30	1.27	1.28	1.29	1.32	1.30	1.31	1.32	1.32	1.33	1.35	1.32
1988	1.31	1.32	1.34	1.34	1.36	1.39	1.37	1.37	1.37	1.39	1.41	1.40
1989	1.40	1.37	1.43	1.42	1.44	1.44	1.44					
Chuck roast, bone in												
1987	1.68	1.64	1.63	1.70	1.65	1.71	1.70	1.66	1.67	1.72	1.71	1.66
1988	1.64	1.74	1.69	1.72	1.80	1.78	1.70	1.67	1.74	1.74	1.74	1.80
1989	1.81	1.91	1.87	1.89	1.90	1.86	1.86					
Round roast, boneless												
1987	2.54	2.47	2.49	2.45	2.59	2.56	2.50	2.51	2.57	2.58	2.58	2.56
1988	2.56	2.61	2.67	2.60	2.61	2.66	2.63	2.64	2.64	2.60	2.68	2.68
1989	2.75	2.75	2.76	2.77	2.78	2.73	2.73					
Rib roast, bone in												
1987	3.44	3.44	3.37	3.29	3.48	3.64	3.69	3.67	3.60	3.63	3.64	3.57
1988	3.57	3.59	3.66	3.75	3.72	3.93	4.02	4.04	4.12	4.12	4.10	4.03
1989	4.11	4.04	4.06	4.16	4.24	4.06	4.34					
Round steak, boneless												
1987	2.80	2.80	2.76	2.81	2.94	2.96	2.91	2.93	2.92	2.96	2.92	2.93
1988	2.88	2.94	2.94	3.01	3.00	3.05	2.99	2.99	3.04	2.98	3.00	3.01
1989	3.07	3.09	3.12	3.14	3.10	3.06	3.11					
Sirloin steak, bone in												
1987	2.81	2.96	2.87	3.02	3.22	3.44	3.36	3.23	3.26	3.12	3.15	3.16
1988	2.99	3.04	3.12	3.18	3.35	3.49	3.54	3.39	3.45	3.30	3.36	3.23
1989	3.39	3.40	3.61	3.57	3.70	3.67	3.70					
Chuck steak, bone in 1/												
1987	1.71	1.65	1.64	1.69	1.59	1.62	1.62	1.61	1.61	1.61	1.62	1.62
1988	1.61	1.62	1.64	1.65	1.67	1.71	1.70	1.69	1.70	1.70	1.72	1.71
1989	1.74	1.74	1.78	1.78	1.79	1.78	1.79					
T-Bone steak, bone in												
1987	3.86	3.79	3.83	4.01	4.33	4.64	4.77	4.45	4.37	4.31	4.29	4.27
1988	4.31	4.27	4.33	4.43	4.54	4.90	5.18	5.20	4.86	4.84	4.83	4.97
1989	4.95	4.91	5.05	5.04	5.14	5.16	5.22					
Porterhouse steak, 1/												
bone in												
1987	4.22	4.19	4.22	4.26	4.36	4.44	4.44	4.42	4.39	4.40	4.44	4.43
1988	4.40	4.43	4.48	4.51	4.56	4.66	4.63	4.60	4.64	4.64	4.68	4.68
1989	4.74	4.76	4.86	4.86	4.89	4.87	4.88					
Pork:												
Bacon, sliced												
1987	2.12	2.09	2.10	2.08	2.11	2.13	2.23	2.28	2.28	2.19	2.07	2.02
1988	1.95	1.94	1.92	1.91	1.90	1.90	1.91	1.88	1.84	1.86	1.80	1.79
1989	1.80	1.80	1.79	1.75	1.68	1.69	1.71					
Chops, center cut												
1987	2.72	2.70	2.64	2.74	2.78	2.97	3.01	3.00	2.98	2.92	2.74	2.67
1988	2.66	2.72	2.68	2.71	2.78	2.93	2.90	2.87	2.90	2.77	2.67	2.65
1989	2.78	2.75	2.80	2.80	2.76	2.82	2.91					
Ham, rump or shank half 1/												
1987	1.60	1.59	1.50	1.36	1.44	1.50	1.52	1.56	1.58	1.62	1.65	1.60
1988	1.63	1.57	1.60	1.58	1.58	1.62	1.62	1.62	1.61	1.59	1.56	1.55
1989	1.58	1.57	1.57	1.58	1.56	1.58	1.61					
Sirloin roast, bone in 1/												
1987	1.90	1.82	1.81	1.89	1.92	1.95	2.02	2.04	2.05	2.01	1.95	1.91
1988	1.92	1.90	1.90	1.88	1.89	1.94	1.93	1.93	1.92	1.89	1.86	1.85
1989	1.88	1.88	1.88	1.88	1.86	1.89	1.92					
Shoulder picnic, bone in												
1987	1.15	1.10	1.06	1.03	1.08	1.03	1.11	1.14	1.16	1.19	1.16	1.16
1988	1.14	1.13	1.14	1.12	1.09	1.15	1.13	1.11	1.11	1.10	1.12	1.10
1989	1.12	1.06	1.06	1.08	1.07	1.08	1.09					
Sausage, fresh, pork,												
loose												
1987	2.01	2.02	1.99	1.97	1.98	1.94	2.00	2.02	2.01	1.92	1.97	1.99
1988	2.05	1.97	1.99	2.02	2.02	1.95	1.99	1.94	1.95	1.90	1.89	1.92
1989	1.92	1.94	1.92	1.93	1.94	1.93	1.99					
Miscellaneous cuts:												
Ham, canned, 3 or 5 lb												
1987	2.84	2.85	2.83	2.77	2.74	2.76	2.83	2.84	2.83	2.85	2.78	2.72
1988	2.77	2.75	2.71	2.73	2.74	2.73	2.77	2.73	2.74	2.74	2.69	2.60
1989	2.75	2.71	2.63	2.70	2.64	2.68	2.66					
Frankfurters, all meat												
1987	1.98	1.99	1.96	1.98	1.96	2.00	1.91	2.01	1.98	2.04	2.04	2.02
1988	2.02	2.04	2.05	2.01	2.02	2.02	2.01	2.02	2.00	2.02	2.03	2.04
1989	2.08	2.07	2.07	2.03	2.05	2.02	2.01					
Bologna												
1987	2.22	2.17	2.19	2.15	2.14	2.15	2.21	2.21	2.21	2.20	2.21	2.24
1988	2.24	2.23	2.23	2.20	2.18	2.24	2.26	2.29	2.25	2.27	2.28	2.24
1989	2.22	2.24	2.23	2.24	2.23	2.24	2.24					

1/ While these specific cut prices are no longer available from the Bureau of Labor Statistics (BLS), ERS uses the BLS index and historical data to estimate these prices monthly.

Source: Bureau of Labor Statistics.

Table 47--Red meat supply and utilization, carcass and retail weight 1/

Year	Production		Begin- ning stocks	Im- ports	Total supply	Ex- ports	Ship- ments	Ending stocks	Total disap- pearance	Per capita	
	Commer- cial	Farm								Carcass weight	Retail weight
-----Million pounds-----										-----Pounds-----	
Beef:											
1987											
Year	23,405	161	412	2,269	26,247	604	52	386	25,205	103.3	73.4
1988											
I	5,700	58	386	703	6,847	134	16	419	6,278	25.6	18.0
II	5,784	25	419	668	6,896	155	9	332	6,390	26.0	18.3
III	6,185	24	332	585	7,126	188	15	409	6,514	26.4	18.6
IV	5,755	58	409	423	6,645	203	4	422	6,006	24.3	17.1
Year	23,424	165	386	2,379	26,354	680	64	422	25,188	102.3	72.1
1989 2/											
I	5,529	58	422	566	6,575	212	15	397	5,951	24.0	16.9
II	5,777	25	397	533	6,732	271	15	319	6,127	24.7	17.4
Year	22,706	165	422	2,180	25,473	905	60	325	24,183	97.3	68.6
1990 2/											
Year	22,825	165	325	2,160	25,475	1,000	60	325	24,090	96.1	67.7
Pork:											
1987											
Year	14,312	62	248	1,195	15,817	109	124	347	15,237	62.5	59.1
1988											
I	3,790	22	347	310	4,469	25	30	419	3,995	16.3	15.4
II	3,727	9	419	287	4,442	60	30	439	3,913	15.9	15.1
III	3,775	8	439	274	4,496	51	25	352	4,068	16.5	15.6
IV	4,331	22	352	266	4,971	59	41	413	4,458	18.0	17.0
Year	15,623	61	347	1,137	17,168	195	126	413	16,434	66.7	63.1
1989 2/											
I	3,887	22	413	251	4,573	55	35	470	4,013	16.2	15.3
II	3,928	9	470	247	4,654	66	35	463	4,090	16.5	15.6
Year	15,915	61	413	1,000	17,389	200	140	370	16,679	67.1	63.6
1990 2/											
Year	15,700	61	370	1,025	17,156	175	140	375	16,466	65.7	62.2
Veal:											
1987											
Year	416	13	7	24	460	7	1	4	449	1.8	1.5
1988											
I	97	4	4	9	114	2	0	5	107	0.4	0.4
II	92	1	5	4	102	2	0	4	96	0.4	0.3
III	99	1	4	6	110	3	1	3	103	0.4	0.3
IV	99	3	3	8	113	3	1	5	104	0.4	0.3
Year	387	9	4	27	427	10	2	5	410	1.7	1.4
1989 2/											
I	91	4	5	0 3/	100	0	0	7	93	0.4	0.3
II	85	1	7	0	93	0	0	6	87	0.4	0.3
Year	361	9	5	0	375	0	1	4	370	1.5	1.2
1990 2/											
Year	360	9	4	0	373	0	1	4	368	1.5	1.2
Lamb and Mutton:											
1987											
Year	309	6	13	44	372	1	2	8	360	1.5	1.3
1988											
I	85	2	8	19	114	0	0	7	107	0.4	0.4
II	80	1	7	15	103	0	1	9	93	0.4	0.3
III	80	1	9	8	98	0	0	7	91	0.4	0.3
IV	84	2	7	9	102	1	0	6	95	0.4	0.3
Year	329	6	8	51	394	1	1	6	386	1.6	1.4
1989 2/											
I	87	2	6	16	111	1	0	7	103	0.4	0.4
II	81	1	7	16	105	0	0	7	98	0.4	0.3
Year	331	6	6	55	398	1	0	7	390	1.6	1.4
1990 2/											
Year	330	6	7	55	398	1	1	7	389	1.6	1.4
Total red meat:											
1987											
Year	38,442	242	680	3,533	42,897	722	179	745	41,251	169.1	135.3
1988											
I	9,672	86	745	1,041	11,543	161	46	850	10,486	42.7	34.2
II	9,683	36	850	974	11,543	217	49	784	10,493	42.7	34.0
III	10,139	34	784	873	11,830	242	41	771	10,776	43.7	34.9
IV	10,269	85	771	706	11,831	266	56	846	10,663	43.1	34.8
Year	39,763	241	745	3,594	44,343	886	193	846	42,418	172.2	137.9
1989 2/											
I	9,594	86	846	833	11,359	268	50	881	10,160	41.0	33.0
II	9,871	36	881	796	11,584	337	50	795	10,482	41.9	33.7
Year	39,313	241	846	3,235	43,635	1,106	201	706	41,622	167.5	134.9
1990 2/											
Year	39,215	241	706	3,240	43,402	1,176	202	711	41,313	164.8	132.6

1/ May not add due to rounding. 2/ Forecast. 3/ Beginning in 1989 veal trade no longer reported separately.

Table 48--Poultry supply and utilization

Year	Slaughter			Begin- ning stocks	Total supply	Ex- ports	Ship- ments	Ending stocks	Total disap- pearance	Per capita Retail weight
	Feder- ally Inspected	Other	Total							
- Million pounds -										
Pounds										
Young chicken:										
1987										
I	3,735	27	3,762	24	3,786	142	39	25	3,579	14.7
II	3,907	26	3,933	25	3,958	198	32	24	3,704	15.2
III	3,966	17	3,984	24	4,008	223	40	28	3,717	15.2
IV	3,895	21	3,916	28	3,944	188	40	25	3,691	15.1
Year	15,502	92	15,594	24	15,618	752	151	25	14,691	60.2
1988										
I	3,996	18	4,015	25	4,040	163	38	36	3,803	15.5
II	4,079	19	4,098	36	4,134	190	38	41	3,864	15.7
III	4,035	5	4,039	40	4,085	198	37	32	3,813	15.5
IV	4,015	13	4,028	32	4,060	214	38	36	3,772	15.3
Year	16,124	56	16,180	25	16,205	765	151	36	15,253	62.0
1989										
I	4,129	13	4,142	36	4,178	213	35	32	3,898	15.7
II	4,381	14	4,395	32	4,428	249	35	34	4,110	16.6
III										
IV										
Year 2/	17,180	58	17,237	36	17,273	880	140	30	16,223	65.2
Other chicken:										
1987										
I	133	24	157	163	320	5	1	172	143	0.6
II	155	28	183	172	355	6	1	182	167	0.7
III	129	23	152	182	333	3	0	166	165	0.7
IV	135	24	158	166	324	2	1	188	133	0.5
Year	552	98	650	163	814	15	2	188	608	2.5
1988										
I	153	28	181	188	369	6	1	197	165	0.7
II	150	27	177	197	374	4	1	161	208	0.8
III	112	20	132	161	293	7	1	147	138	0.6
IV	125	23	148	147	295	9	1	157	129	0.5
Year	540	97	638	188	826	26	3	157	641	2.6
1989										
I	137	25	161	157	318	6	1	146	165	0.7
II	135	24	159	146	306	5	1	157	143	0.6
III										
IV										
Year 2/	527	95	622	157	778	22	4	150	602	2.4
Total chicken:										
1987										
I	3,868	51	3,919	187	4,106	147	40	197	3,722	15.3
II	4,062	54	4,116	197	4,313	204	32	206	3,871	15.9
III	4,095	41	4,135	206	4,341	226	40	194	3,881	15.9
IV	4,030	44	4,074	194	4,268	191	41	213	3,824	15.6
Year	16,054	190	16,245	187	16,432	767	153	213	15,298	62.8
1988										
I	4,149	46	4,196	213	4,409	169	39	233	3,968	16.5
II	4,229	46	4,275	232	4,508	194	39	202	4,072	16.6
III	4,147	25	4,171	202	4,378	205	38	179	3,951	16.1
IV	4,140	36	4,176	179	4,355	223	39	193	3,901	15.8
Year	16,665	153	16,818	213	17,031	791	153	193	15,894	64.6
1989										
I	4,266	38	4,303	193	4,496	219	36	178	4,063	16.4
II	4,516	39	4,555	178	4,733	253	36	191	4,253	17.1
III										
IV										
Year 2/	17,707	153	17,859	193	18,051	902	144	180	16,825	67.6
Turkey:										
1987										
I	670	19	689	178	867	6	0	226	635	2.6
II	865	26	891	226	1,117	7	0	382	728	3.0
III	1,100	32	1,132	382	1,514	7	0	641	866	3.5
IV	1,082	34	1,116	641	1,756	13	3	282	1,458	6.0
Year	3,717	111	3,828	178	4,006	33	4	282	3,686	15.1
1988										
I	837	10	846	282	1,128	13	1	339	776	3.2
II	981	4	985	339	1,324	11	0	457	855	3.5
III	1,066	19	1,084	457	1,541	15	0	573	952	3.9
IV	1,040	12	1,053	573	1,626	11	1	250	1,364	5.5
Year	3,923	45	3,968	282	4,250	51	2	250	3,948	16.0
1989										
I	804	7	811	250	1,061	8	1	269	783	3.2
II	1,011	14	1,024	269	1,293	10	1	453	829	3.3
III										
IV										
Year 2/	4,105	47	4,151	250	4,401	38	4	290	4,069	16.4
Total poultry:										
1987										
I	4,538	70	4,608	365	4,973	153	40	423	4,357	17.9
II	4,927	80	5,007	423	5,430	211	32	588	4,599	18.9
III	5,195	73	5,268	588	5,855	232	41	835	4,747	19.5
IV	5,112	78	5,190	835	6,025	204	44	495	5,282	21.6
Year	19,772	301	20,072	365	20,437	800	157	495	18,985	77.8
1988										
I	4,986	56	5,042	495	5,537	182	39	571	4,744	19.3
II	5,210	60	5,269	571	5,831	206	39	659	4,928	20.0
III	5,213	44	5,255	659	5,914	220	38	752	4,903	19.9
IV	5,180	48	5,229	752	5,981	235	39	442	5,266	21.3
Year	20,587	198	20,786	495	21,281	843	156	442	19,841	80.6
1989										
I	5,070	45	5,114	442	5,556	227	37	447	4,845	19.5
II	5,527	53	5,579	447	6,026	263	37	644	5,082	20.5
III										
IV										
Year 2/	21,812	199	22,011	442	22,453	940	148	470	20,895	84.0

1/ May not add due to rounding. 2/ Forecast.

Table 49--Total red meat and poultry supply and utilization, carcass and retail weight 1/

Year	Total production	Beginning stocks	Imports	Total supply	Exports	Shipments	Ending stocks	Total disappearance	Per capita	
									Carcass weight	Retail weight
-----Million pounds-----									-----Pounds-----	
Total red meat and poultry:										
1987										
Year	58,756	1,045	3,533	63,334	1,522	336	1,240	60,236	246.9	213.1
1988										
I	14,799	1,240	1,041	17,080	343	85	1,421	15,230	62.0	53.5
II	14,978	1,421	974	17,374	423	88	1,443	15,420	62.7	54.1
III	15,428	1,443	873	17,744	462	79	1,523	15,679	63.6	54.7
IV	15,583	1,523	706	17,812	501	103	1,288	15,921	64.4	56.1
Year	60,790	1,240	3,594	65,624	1,729	356	1,288	62,251	252.7	218.4
1989 2/										
I	14,794	1,288	833	16,915	495	87	1,328	15,005	60.5	52.5
II	15,486	1,328	796	17,646	601	87	1,439	15,519	62.5	54.3
Year	61,565	1,288	3,235	66,088	2,066	349	1,176	62,497	251.5	218.9
1990 2/										
Year	63,094	1,176	3,240	67,510	2,151	350	1,171	63,838	254.6	222.4

1/ May not add due to rounding. 2/ Forecast.

Table 50--Egg supply and utilization (population includes military) 1/

Year	Pro- duction	Beginning stocks	Breaking egg use	Imports 2/	Total supply	Exports	Ship- ments	Hatching egg use 3/	Ending stocks	Consumption Total	Per capita
-----Million dozen-----											
Total eggs											
1987											
I	1,441.2	10.4	---	2.6	1,454.1	23.6	7.3	147.6	11.9	1,263.8	62.4
II	1,439.3	11.9	---	1.2	1,452.5	23.7	4.8	154.9	13.8	1,255.3	61.9
III	1,439.5	13.8	---	1.0	1,454.3	21.5	6.1	149.2	13.5	1,264.0	62.1
IV	1,482.3	13.5	---	0.8	1,496.6	42.4	6.9	147.4	14.4	1,285.4	63.0
Year	5,802.3	10.4	---	5.6	5,818.3	111.2	25.1	599.1	14.4	5,068.4	249.4
1988											
I	1,476.3	14.4	---	0.9	1,491.5	33.7	6.0	150.2	11.7	1,290.0	63.1
II	1,428.3	11.7	---	0.7	1,440.7	34.1	6.4	153.5	20.1	1,226.5	59.9
III	1,420.6	20.1	---	2.1	1,442.9	33.4	6.4	150.5	17.6	1,235.0	60.1
IV	1,445.9	17.5	---	1.6	1,465.1	40.6	6.5	150.0	15.2	1,252.8	60.9
Year	5,771.1	14.4	---	5.3	5,790.8	141.8	25.2	604.3	15.2	5,004.2	244.0
1989 4/											
I	1,389.3	15.2	---	1.9	1,406.3	23.7	6.5	155.1	11.7	1,209.3	58.6
II	1,393.9	11.7	---	2.2	1,407.9	21.2	6.5	164.8	12.1	1,203.2	58.1
Shell eggs											
1987											
I	1,441.2	0.7	225.3	1.9	1,218.5	7.1	7.3	147.6	1.0	1,055.6	52.1
II	1,439.3	1.0	237.0	0.1	1,203.5	8.9	4.8	154.9	1.0	1,033.8	51.0
III	1,439.5	1.0	242.8	0.1	1,197.8	8.3	6.1	149.2	1.0	1,033.2	50.8
IV	1,482.3	1.0	235.0	0.1	1,248.4	24.3	6.9	147.4	1.3	1,068.4	52.3
Year	5,802.3	0.7	940.1	2.3	4,865.1	48.6	25.1	599.1	1.3	4,191.1	206.2
1988											
I	1,476.3	1.3	231.8	0.1	1,245.8	16.0	5.8	150.2	1.0	1,072.7	52.5
II	1,428.3	2.0	260.2	0.1	1,169.3	12.0	6.0	153.5	0.9	996.9	48.7
III	1,420.6	0.9	249.6	1.1	1,172.9	15.7	6.2	150.5	0.7	999.9	48.7
IV	1,445.9	0.7	234.7	1.0	1,212.9	23.2	6.4	150.0	0.3	1,033.0	50.2
Year	5,771.1	1.3	976.4	2.3	4,800.9	67.0	24.3	604.3	0.3	4,105.0	200.1
1989 4/											
I	1,389.3	0.3	219.6	1.4	1,171.3	9.1	6.2	155.1	.48	1000.4	48.5
II	1,393.9	0.5	257.3	7.6	1,144.7	9.7	6.3	164.8	.84	963.1	46.5
III											
IV											

1/ Totals may not add due to rounding. 2/ Shell eggs and approximate shell-egg equivalent of egg products.
 3/ Hatching for 1986-present calculated by the new method. 4/ Preliminary. --Not applicable for total egg supply and utilization.

Table 51--Selected price statistics for meat animals and meat, 1988-89

Item	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Dollars per cwt												
Slaughter Steers:												
Omaha												
Choice, 1000-1100 lb	67.08	67.71	69.13	70.07	71.21	72.35	72.92	75.75	75.31	74.52	71.71	70.74
Select, 1000-1100 lb	64.88	64.76	65.88	67.30	68.71	70.04	70.94	73.48	73.38	72.52	69.71	68.47
California												
Choice, 1000-1100 lb	70.75	70.06	71.31	71.95	70.94	72.63	74.56	76.63	74.56	73.25	70.69	72.13
Colorado												
Choice, 1100-1300 lb	69.75	69.56	72.24	73.17	73.10	73.75	74.82	78.51	77.77	75.39	71.86	71.35
Texas												
Choice, 1000-1100 lb	70.08	69.96	72.62	73.52	73.64	74.40	75.40	78.87	77.51	75.30	71.71	71.28
Slaughter heifers:												
Omaha												
Choice, 1000-1200 lb	67.24	68.10	69.12	70.31	71.23	72.48	73.19	76.80	76.57	75.03	71.63	70.44
Select, 900-1000 lb	63.15	63.18	64.15	65.88	66.81	68.46	69.54	72.85	72.98	71.98	68.88	68.06
Cows:												
Omaha												
Commercial	46.40	46.54	46.46	41.28	44.25	44.61	47.04	45.56	44.75	44.63	47.42	48.52
Breaking Utility	47.33	48.42	47.71	42.10	45.14	44.88	46.92	45.89	45.19	45.57	48.56	49.12
Boning Utility	48.57	49.50	49.21	45.72	45.92	47.11	51.29	48.33	47.58	47.00	49.83	50.42
Canner	40.00	41.08	41.42	38.48	39.83	40.86	45.04	42.10	40.42	39.71	43.33	43.29
Cutter	43.73	45.33	45.75	43.20	44.73	45.63	49.71	46.57	44.67	43.90	47.25	49.08
Vealers: 7/												
Choice, So. St. Paul	87.50	240.42	213.75	230.88	225.63	230.25	225.06	257.50	266.25	260.05	258.44	246.88
Feeder steers: 1/												
Kansas City												
Medium No. 1,												
400-500 lb	ng	95.88	95.63	92.60	93.38	96.88	99.33	104.60	98.50	96.88	97.50	98.50
600-700 lb	84.65	84.00	85.81	83.90	86.13	86.00	85.56	84.45	82.63	83.50	85.38	87.13
All weights and grades	79.45	79.89	82.99	81.31	80.99	82.02	82.91	80.98	78.58	78.25	79.08	81.64
Okla. City												
Medium No. 1												
400-500 lb	99.74	97.75	100.55	102.05	101.64	104.30	106.35	107.50	101.94	96.12	105.35	103.70
600-700	86.21	83.97	85.32	86.41	88.10	87.87	87.86	85.98	84.11	81.38	87.10	89.54
700-800	81.79	81.30	82.45	83.31	85.46	84.45	84.50	80.63	76.25	77.30	82.47	84.22
Amarillo												
Medium No. 1,												
600-700 lb	82.00	82.38	82.19	81.70	82.83	86.38	85.50	82.70	79.50	80.90	83.17	86.67
Georgia Auctions												
Medium No. 1,												
600-700 lb	78.20	77.75	77.38	78.60	78.50	81.25	83.00	82.60	77.50	79.00	80.50	81.00
Medium No. 2,												
400-500 lb	82.20	81.25	81.50	81.60	81.67	86.25	88.25	89.20	84.63	83.40	86.13	87.33
Feeder heifers:												
Medium No. 1,												
Kansas City												
400-500 lb	ng	85.81	86.69	83.30	82.88	86.69	87.75	89.25	85.83	84.70	86.50	88.25
600-700 lb	78.70	78.50	80.75	79.70	79.00	79.38	80.50	77.81	75.00	75.50	78.38	79.50
Okla. City												
400-500 lb.	85.59	84.29	86.02	87.49	92.02	90.10	92.08	90.58	88.03	84.36	87.83	88.27
600-700 lb.	77.96	77.04	78.36	78.99	80.22	80.92	81.31	79.35	75.53	73.87	79.31	82.14
Slaughter hogs:												
Barrows and gilts												
Omaha No. 1 & 2,												
230-240 lb	47.17	41.80	40.04	37.84	43.01	43.03	42.12	40.49	38.38	44.36	47.72	48.46
All weights	45.71	40.78	38.84	36.25	40.58	41.76	40.96	40.96	37.08	42.23	45.66	46.56
Sioux City	45.98	41.28	38.92	36.52	40.88	41.64	41.11	39.88	37.22	42.40	46.24	47.26
7 markets 2/	46.10	41.04	38.95	36.45	40.58	41.58	40.91	39.85	37.06	42.37	46.10	47.06
Sows:												
7 markets 2/	34.01	32.89	31.19	28.14	29.49	33.60	35.67	35.27	32.07	33.94	34.54	34.70
Feeder pigs:												
No. 1 & 2, So. Mo.,												
40-50 lb (per hd.)	27.40	28.30	30.95	27.99	29.17	35.25	34.18	39.55	34.74	34.24	28.85	24.25
Slaughter lambs:												
Choice, San Angelo	56.19	59.50	63.94	65.56	68.83	68.13	68.83	70.90	78.17	73.56	72.63	69.50
Choice, So. St. Paul	54.05	57.28	62.25	63.29	67.65	62.90	65.48	69.56	69.67	73.21	70.45	66.13
Ewes, Good,												
San Angelo	38.20	37.38	36.88	38.75	42.08	48.13	53.28	47.55	42.45	38.95	37.10	31.92
So. St. Paul	13.00	13.13	13.75	14.32	18.60	21.63	24.88	21.92	18.93	13.56	17.30	18.08
Feeder lambs:												
Choice, San Angelo	79.05	78.56	80.38	82.00	84.83	84.88	84.38	95.30	88.06	78.18	75.94	74.08
Choice, So. St. Paul	59.00	64.65	70.30	75.35	83.75	85.00	85.00	85.68	85.00	79.80	69.62	68.00
Farm prices:												
Beef cattle	65.90	67.20	67.00	66.70	67.20	70.60	71.50	72.00	70.00	68.80	67.60	67.60
Calves	91.00	89.50	87.80	87.80	88.60	92.80	95.90	94.00	90.50	91.20	94.20	95.00
Hogs	44.70	40.70	38.70	36.20	39.70	40.90	40.40	39.30	36.90	41.60	45.10	46.00
Sheep	25.30	25.00	25.30	27.80	29.10	34.20	34.50	30.30	25.40	21.60	22.20	21.90
Lambs	59.80	64.20	66.20	66.30	68.60	67.40	68.40	72.50	75.20	73.10	70.60	69.20

Continued--

Table 51--Selected price statistics for meat animals and meat, 1988--Continued

Item	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
Dollars per cwt												
Meat prices:												
Wholesale												
Central U.S. markets												
Steer beef, Choice												
600-700 lb	101.04	103.15	104.36	104.73	106.20	107.30	107.98	112.43	113.84	112.62	106.35	104.91
Heifer beef, Choice												
550-700 lb	100.37	102.82	104.62	104.49	106.22	107.39	107.90	112.36	113.63	112.49	106.35	104.91
Cow beef, Canner												
and Cutter	86.51	87.73	85.58	85.32	90.03	91.23	96.93	92.17	89.77	89.74	93.83	95.24
Boxed beef												
cut-out value	110.37	112.72	112.74	112.37	112.45	113.62	114.30	117.09	118.58	118.53	114.53	113.17
Pork loins												
14-18 lb 4/	106.88	97.92	85.33	77.87	93.61	89.35	90.97	91.77	91.59	99.95	108.28	115.10
Pork bellies												
12-14 lb	37.46	33.05	34.96	33.64	34.82	36.91	31.41	30.19	25.49	29.11	32.90	31.52
Hams, skinned												
14-17 lb	67.16	73.20	78.33	78.08	65.50	65.80	67.11	63.00	61.60	63.30	64.00	64.23
Pork cut-out value	61.21	58.34	56.10	52.88	56.97	56.11	56.18	54.87	52.96	58.42	62.56	63.59
East Coast:												
Lamb, Choice and Prime												
35-45 lb.	127.00	130.50	135.00	133.65	147.50	143.69	146.44	155.25	159.38	149.30	139.31	131.72
55-65 lb.	127.00	130.50	134.12	127.70	137.50	133.75	135.88	142.60	147.06	142.35	139.31	133.03
West Coast:												
Steer beef, Choice												
700-800 lb	nq	nq	nq	106.13	106.58	110.97	112.19	117.30	118.94	116.97	111.19	110.44
Cents per lb												
Retail												
Beef												
Choice	257.8	259.7	257.8	260.4	260.0	264.3	265.2	269.5	269.8	271.9	268.1	271.6
All Fresh	224.3	225.4	230.6	232.9	233.0	234.1	233.9	238.5	237.3	238.3	236.5	237.5
Pork	185.5	184.9	181.6	178.0	177.4	181.1	179.3	179.7	179.5	177.1	179.1	182.8
1982-84=100												
Price indexes: (BLS)												
Retail meats	113.2	113.4	113.0	113.0	112.7	114.0	114.3	115.5	115.6	115.6	116.1	116.7
Beef and veal	112.7	113.6	113.7	114.7	114.6	116.0	116.6	119.0	119.0	119.6	119.3	119.5
Pork	114.1	113.7	111.8	110.0	109.6	111.5	110.9	111.0	111.2	110.1	111.8	113.6
Other meats	113.9	113.3	113.5	113.8	113.1	113.3	114.0	114.0	114.3	114.4	114.9	115.1
Poultry	131.7	133.4	129.4	127.2	127.1	128.8	128.4	130.3	133.0	137.3	140.1	138.1
Livestock-feed ratios												
Omaha: 3/												
Steer-corn	26.2	26.4	26.4	28.4	27.9	28.2	28.7	29.4	30.2	29.4	28.9	29.6
Hog-corn	17.8	15.9	14.9	14.7	16.2	16.4	16.3	15.4	14.8	16.8	18.5	19.6

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Beef, Choice 2-3 550-700 lb. 4/ Prior to 1984, 8-14 lb; 1984 and 1985, 14-17 lb; 1986, 14-18 lb. 5/ U.S. #2, 175 lb. carcass. 6/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 7/ Beginning Sept. 10, prices reported per head.

Table 52--Selected marketings, slaughter, stocks, and trade for meat animals and meat, 1988-89

Item	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
1,000 head												
Federally inspected:												
Slaughter												
Cattle	2,898	3,120	2,927	2,871	2,698	2,685	2,711	2,500	2,744	2,576	2,947	2,951
Steers	1,452	1,525	1,397	1,324	1,270	1,311	1,290	1,228	1,361	1,302	1,482	1,469
Heifers	901	1,011	966	934	797	790	827	786	817	743	884	929
Cows	498	527	507	555	579	537	544	445	518	480	526	496
Bulls and stags	48	57	57	57	52	47	50	41	49	51	55	57
Calves	207	227	207	197	202	203	196	175	194	152	157	161
Sheep and lambs	387	442	452	437	418	447	418	415	505	393	435	423
Hogs	6,199	7,101	7,534	7,887	7,909	7,703	7,116	6,619	7,569	7,199	7,277	6,881
Percentage sows	5.8	5.8	5.0	4.4	4.4	4.3	4.7	4.1	4.2	4.0	4.7	5.5
Pounds												
Average live wt per head												
Cattle	1,116	1,126	1,134	1,140	1,139	1,146	1,152	1,136	1,128	1,117	1,107	1,118
Calves	236	242	252	267	254	248	258	258	255	282	289	278
Sheep and lambs	121	120	121	123	124	126	126	127	126	128	125	120
Hogs	249	247	248	251	253	251	249	247	247	251	251	251
Average dressed wt												
Beef	670	679	683	683	677	681	686	684	675	669	665	673
Veal	146	147	154	161	154	150	156	157	155	167	179	172
Lamb and mutton	61	60	61	62	63	64	65	64	64	65	64	61
Pork	179	177	177	179	181	180	180	178	178	180	180	180
Million pounds												
Production												
Beef	1,934	2,111	1,993	1,954	1,818	1,822	1,852	1,705	1,844	1,717	1,954	1,979
Veal	29	33	31	31	30	30	30	27	30	26	28	27
Lamb and mutton	23	27	27	27	26	28	27	26	32	25	28	25
Pork	1,105	1,251	1,330	1,409	1,425	1,385	1,274	1,175	1,342	1,291	1,308	1,235
Commercial: 1/												
Slaughter												
Cattle	2,983	3,207	3,010	2,966	2,800	2,774	2,789	2,568	2,822	2,644	3,024	3,052
Calves	215	234	215	206	210	211	203	181	200	158	163	167
Sheep and lambs	405	462	469	452	432	460	428	425	519	409	447	437
Hogs	6,366	7,292	7,719	8,096	8,138	7,946	7,332	6,791	7,763	7,380	7,480	7,079
Million pounds												
Production												
Beef	2,025	1,982	2,162	2,041	2,007	1,876	1,872	1,896	1,744	1,889	1,757	2,022
Veal	31	35	33	34	33	32	32	28	31	27	29	29
Lamb and mutton	24	28	28	28	27	29	27	27	33	26	28	26
Pork	1,133	1,282	1,360	1,443	1,463	1,425	1,310	1,204	1,373	1,321	1,341	1,266
Cold storage stocks: 2/												
Beef	270	295	308	296	300	317	315	313	298	273	244	240
Veal	4	3	3	3	5	5	7	7	7	7	7	6
Lamb and mutton	9	7	7	6	6	6	7	6	7	6	7	7
Pork	337	287	288	321	361	358	381	397	394	438	431	385
Total meat	671	634	644	654	701	716	745	762	749	767	735	686
Trade:												
Imports (carcass wt)												
Beef and veal 4/	186.5	231.5	172.6	155.4	163.3	112.4	226.7	161.7	178.1	166.8	187.3	
Lamb, mutton, and goat	2.6	3.1	2.4	2.8	3.3	3.4	6.3	4.5	5.7	6.3	5.6	
Pork	94.3	94.2	85.0	90.0	85.0	91.3	89.8	75.6	85.8	82.1	83.4	
Exports (carcass wt)												
Beef and veal 4/	51.2	67.4	72.2	69.1	74.9	61.5	54.3	62.4	94.9	81.9	92.1	
Lamb and mutton	3/	.1	.1	.2	.1	.3	.2	.3	.2	.2	.2	
Pork	17.6	18.3	14.6	18.1	21.6	19.7	20.2	17.8	16.8	19.5	24.2	

1/ Federally inspected and other commercial. 2/ End of month. Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Less than 50,000 lb. 4/ Beginning January 1989, veal trade is no longer reported separately.

Get these timely reports from USDA's Economic Research Service

These periodicals bring you the latest information on food, the farm, and rural America to help you keep your expertise up-to-date. Order these periodicals to get the latest facts, figures, trends, and issues from ERS.

Agricultural Outlook. Presents USDA's farm income and food price forecasts. Emphasizes the short-term outlook, but also presents long-term analyses of issues ranging from international trade to U.S. land use and availability. Packed with more than 50 pages of charts, tables, and text that provide timely and useful information.

Economic Indicators of the Farm Sector. Updates economic trends in U.S. agriculture. Each issue explores a different aspect of income and expenses: national and State financial summaries, production and efficiency statistics, costs of production, and an annual overview.

Farmline. Concise, fact-filled articles focus on economic conditions facing farmers, how the agricultural environment is changing, and the causes and consequences of those changes for farm and rural people. Synthesizes farm economic information with charts and statistics.

Foreign Agricultural Trade of the United States. Every 2 months brings you quantity and value of U.S. farm exports and imports, plus price trends. Subscription also includes monthly update newsletters and two big 300-page supplements containing data for the previous fiscal or calendar year. A must for traders!

Journal of Agricultural Economics Research. Technical research in agricultural economics, including econometric models and statistics on methods employed and results of USDA economic research.

National Food Review. Offers the latest developments in food prices, product safety, nutrition programs, consumption patterns, and marketing.

Rural Development Perspectives. Crisp, nontechnical articles on the results of the most recent and the most relevant research on rural areas and small towns and what those results mean.

☐ Check here for a free subscription to *Reports*, a quarterly bulletin describing the latest ERS research reports. It's designed to help you keep up-to-date in all areas related to food, the farm, the rural economy, foreign trade, and the environment.

See next page for other periodicals available from ERS!

	1 year	2 years	3 years
Agricultural Outlook (11 per year)	_____ \$22	_____ \$43	_____ \$63
Economic Indicators of the Farm Sector (5 per year)	_____ \$12	_____ \$23	_____ \$33
Farmline (11 per year)	_____ \$11	_____ \$21	_____ \$30
Foreign Agricultural Trade of the United States (8 per year)	_____ \$20	_____ \$39	_____ \$57
Journal of Agricultural Economics Research (4 per year)	_____ \$7	_____ \$13	_____ \$18
National Food Review (4 per year)	_____ \$10	_____ \$19	_____ \$27
Rural Development Perspectives (3 per year)	_____ \$9	_____ \$17	_____ \$24

Complete both pages of this order form 

Save by subscribing for up to 3 years. Save another 25 percent by ordering 50 or more copies to one address.

Situation and Outlook Reports. These reports provide timely analyses and forecasts of all major agricultural commodities and related topics such as finance, farm inputs, land values, and world and regional developments.

	1 year	2 years	3 years
Agricultural Exports (4 per year)	_____ \$10	_____ \$19	_____ \$27
Agricultural Income and Finance (4 per year)	_____ \$10	_____ \$19	_____ \$27
Agricultural Resources (5 per year, each devoted to one topic, including <i>Inputs</i> , <i>Agricultural Land Values and Markets</i> , and <i>Cropland, Water, and Conservation</i> .)	_____ \$10	_____ \$19	_____ \$27
Aquaculture (2 per year)	_____ \$10	_____ \$19	_____ \$27
Cotton and Wool (4 per year)	_____ \$10	_____ \$19	_____ \$27
Dairy (5 per year)	_____ \$10	_____ \$19	_____ \$27
Feed (4 per year)	_____ \$10	_____ \$19	_____ \$27
Fruit and Tree Nuts (4 per year)	_____ \$10	_____ \$19	_____ \$27
Livestock and Poultry (6 per year plus 2 supplements)	_____ \$15	_____ \$29	_____ \$42
Oil Crops (4 per year)	_____ \$10	_____ \$19	_____ \$27
Rice (3 per year)	_____ \$10	_____ \$19	_____ \$27
Sugar and Sweetener (4 per year)	_____ \$10	_____ \$19	_____ \$27
Tobacco (4 per year)	_____ \$10	_____ \$19	_____ \$27
Vegetables and Specialties (3 per year)	_____ \$10	_____ \$19	_____ \$27
Wheat (4 per year)	_____ \$10	_____ \$19	_____ \$27
World Agriculture (3 per year)	_____ \$10	_____ \$19	_____ \$27
World Agriculture Regionals (5 per year)	_____ \$10	_____ \$19	_____ \$27
Supplement your subscription to <i>World Agriculture</i> by subscribing to these five annuals: <i>Western Europe</i> , <i>Pacific Rim</i> , <i>Developing Economies</i> , <i>China</i> , and <i>USSR</i> .			

For fastest service, call toll free: 1-800-999-6779 (8:30-5:00 ET)

- Use only checks drawn on U.S. banks, cashier's checks, or international money orders.
- **Make payable to ERS-NASS.**
- Add 25 percent for shipments to foreign addresses (includes Canada).

Name _____

Organization _____

Address _____

City, State, Zip _____

☐ Bill me. ☐ Enclosed is \$_____.

Credit Card Orders:

Daytime phone (_____) _____

☐ MasterCard ☐ VISA Total charges \$_____.

Credit card number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiration date:

Month/Year

--	--

Complete both pages of this order form and mail to:

**ERS-NASS
P.O. Box 1608
Rockville, MD 20849-1608**

United States
Department of Agriculture
1301 New York Avenue N. W.
Washington, D. C. 20005-4788

OFFICIAL BUSINESS
Penalty for Private Use, \$300

FIRST-CLASS MAIL
POSTAGE & FEES PAID
U.S. Dept. of Agriculture
Permit No. G-145

Moving? To change your address, send this sheet with label intact, showing new address, to EMS Information, Rm. 228, 1301 New York Ave., N.W. Washington, D.C. 20005-4788

What's Your Subscription Situation?

Your subscription to *Livestock and Poultry* expires in the month and year shown on the top line of your mailing label. **The expiration date will appear in one of two formats:** FEB89 (for February 1989) or 890430 (for April 30, 1989). Disregard this notice if no renewal date appears. Renew today by calling, toll free, 1-800-999-6779, or return this form with your mailing label attached.

Livestock and Poultry Situation and Outlook

Renewal

☐

Bill me.

☐

Enclosed is \$_____.

Domestic

1 Year

\$15.00

2 Years

\$29.00

3 Years

\$42.00

Foreign

\$18.75

\$36.25

\$52.50

Mall to:

ERS-NASS
P.O. Box 1608
Rockville, MD 20849-1608

Use purchase orders, checks drawn on U.S. banks, cashier's checks, or international money orders.

Make payable to ERS-NASS.

ATTACH MAILING LABEL HERE

Credit Card Orders:

☐

MasterCard

☐

VISA

Total charges \$_____.

Credit card number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiration date:

--	--

Month/Year

For fastest service, call toll free, 1-800-999-6779 (8:30-5:00 ET)